



Forces of change and their possible influences on the retail property market in the Helsinki Metropolitan Area – Case in Helsinki City Centre

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Jenna Isokuortti
Bachelor of Science in Technology

Supervisor: Professor Kauko Viitanen
Instructor: D.Sc. (Tech.) Saija Toivonen



Author Jenna Isokuortti

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Abstract

The retail property market is facing constant rapid changes and thus, the horizon has become unclear. The field of retailing is transforming and the market actors must modify their actions to meet the altered circumstances, customer needs, demographics and market structure. Future orientated analysis and studies help to understand and predict the possible future development. The goal of the thesis was to examine the possible future vision of commercial district called Tori Quarters located in the city centre of Helsinki in Finland.

The research was conducted by applying the methodologies of the research field of futures studies. The future visions were studied by identifying the future forces of change, megatrends and trends, related to the retail property market in the Helsinki Metropolitan Area (HMA) and by examining the possible influences of the forces.

The research method called environmental scanning was applied in two phases: literature review and expert panel. First, the current market forces were examined by reviewing the existing literature. Second, the future retail property market forces in the HMA were studied by interviewing the members of the expert panel. The recognised future forces of change in the HMA were (1) Technologies reshaping retail (2) Urbanization (3) Emphasized experiences (4) Multifaceted premises (5) Clustering and specialization (6) Communal, social and collaborative actions (7) Changes in demographics and lifestyles (8) Globalization and (9) Environmental sustainability. These represent the main categories of the forces, but some of them also include sub-categories due to their wide content and diverse shapes. The forces differ in their magnitude and have various possible outcomes.

Furthermore, the study investigated the possible influences of the forces on the Tori Quarters with a Futures Wheel research method. Finally, the future vision of the Tori Quarters was examined based on the studied observations regarding the future retail property market. The future vision of the Tori Quarters highlighted the communal, experiential and specialized features of the commercial entity.

Keywords futures studies, forces of change, environmental scanning, futures wheel property market, retail, Helsinki Metropolitan Area

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Tiivistelmä

Liiketilamarkkinoihin kohdistuu jatkuvia muutoksia nopean kehityksen ja epävarmuuksien myötä. Markkinamuutokset vaikuttavat kaupunkien kaupalliseen rakenteeseen ja haastavat liiketilamarkkinan toimijat kehittämään liiketoimintaansa koko ajan. Tulevaisuuden tutkimus ja analysointi auttavat ennakoimaan ja ymmärtämään tulevaisuuden mahdollisia kehityssuuntia. Tämän diplomityön tavoitteena oli tutkia Helsingin keskustassa sijaitsevan Torikortteleiden kaupallisen kokonaisuuden tulevaisuuden näkymiä.

Tutkimus on toteutettu hyödyntämällä tulevaisuuden tutkimusmenetelmiä. Tulevaisuuden näkymiä tarkasteltiin tutkimalla pääkaupunkiseudun liiketilamarkkinoilla vaikuttavia muutosvoimia, megatrendejä ja trendejä, sekä niiden mahdollisia vaikutuksia.

Muutosvoimia tutkittiin toimintaympäristön muutosten tarkastelu – tutkimusmenetelmän avulla. Tämän hetkisiä liiketilamarkkinoilla vaikuttavia voimia selvitettiin olemassa olevan kirjallisuuden kautta. Tulevaisuuden muutosvoimia tutkittiin asiantuntijapaneelille tehdyillä haastatteluilla. Pääkaupunkiseudun liiketilamarkkinoiden tulevaisuuden muutosvoimaluokkia tunnistettiin olevan (1) Liiketilat teknologian uudistamana (2) Kaupungistuminen (3) Elämyksellisyys (4) Monimuotoiset tilat (5) Klusteroituminen ja erikoistuminen (6) Yhteisöllisyys, sosiaalisuus ja yhteistyö (7) Muutokset väestössä ja elämäntyyliessä (8) Globalisaatio ja (9) Ympäristöystävällinen kestävä kehitys. Muutosvoimaluokat sisältävät myös alaluokkia laajojen ja moninaisten ilmenemismuotojen vuoksi. Muutosvoimat vaihtelevat voimakkuuksiltaan ja seurauksiltaan.

Diplomityössä tarkasteltiin lisäksi muutosvoimien mahdollisia vaikutuksia Torikortteihin tulevaisuuspyörä –tutkimusmenetelmällä. Lopuksi Torikortteleiden tulevaisuuden näkymiä analysoitiin tutkimusmenetelmien tuottamien tulosten ja havaintojen perusteella. Tutkimuksen mukaan liiketilat tulevat säilyttämään fyysisen muotonsa, mutta niiden ominaisuudet ja sisältö muuttuvat muutosvoimien myötä. Torikortteleiden tulevaisuuden visio korosti alueen roolia avoimena, yhteisöllisenä, erikoistuneena ja elämyksellisenä kivijalkakaupan keskittymänä.

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Jenna Isokuortti

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1 Introduction

1.1 Background

The world is changing rapidly and the future is seen increasingly unclear due to the fast pace of the development. Various trends regarding social, technological, environmental, political and economic aspects are affecting people's preferences and consumer habits. The field of retailing is transforming and market actors must modify their actions in line with the altered circumstances, customer needs, demographics and market structure. The rapid change is a permanent influencer for the future development and the actors who can respond to the transforming environment have a strong competitive advantage. (Evans 2011; Deloitte 2017; Toivonen 2011) New distribution channels like e-commerce and tightening competition challenge the traditional physical positioning of retailing and the space needs of the retailers. Other previously studied trends affecting the retail include for instance; urbanization, aging population, globalization and digitalization. (see Ilmonen 2013; Heineman & Gaiser 2014; Schulman & Mäenpää 2011; Toivonen 2011; Weltevreten et al. 2005) Thus, the operational environment of retailing is altering due to the forces of change in the market.

Real estate itself is a relatively inflexible and long-term object from its physical and economic perspective. Users, interior and equipment within the property may change easily but the rest of the property remains relatively steady. The life span of a retail premise is multiple compared to the permanence of the products sold in the stores. (Toivonen 2011 p. 6) However, the type of a property is possible to change but the process may be highly expensive and time-consuming. This causes challenges for the real estate actors as they try to adjust the premises to meet the requirements caused by the development of the market. Moreover, consumers' needs and their decisions are powerful drivers behind the rapid changes retail development. Defining the social, population and other market trends enables engaging the customers. (Futurice 2016; PwC 2017; Krafft & Matrala 2010)

Property market actors including the retailers, local authorities as well as property owners and managers need forecasting as they are planning their businesses. Additionally, as the properties are built for long-term use, the decision-making regarding real estate development has a significant effect in the future. Thus, awareness of forces of change helps predicting and preparing for the possible future development. (Toivonen 2011 p. 8-9, 17) Research field orienteered predicting the possible futures is called futures studies, which is a relatively old field originally represented as foresight by Wells in 1932. Futures researcher Naisbitt (1984) introduced the concept of megatrends first time in the beginning of 1980s. Megatrends are classified as large, globally known and future-shaping phenomena, which has previous history and continues also in the future. These forces of change are unavoidable and affect significantly the entire economic and social system. Furthermore, trends are development paths of a specific phenomenon in a long-term. (Gordon & Glenn 2009; Kamppinen et al. 2003) Hence, the future forces of change shape the whole society as well as the real estate market.

Retail property market and commerce have a long history and the desire of the customers to gather to shop and spend time in the shopping districts is distinct. The retail premises and environments offer sensuality and materiality as well as social interactions. (Wilska & Nyrhinen 2013 p. 29-30) Commerce has been strictly related to its physical location and

therefore, retailing is broader in cities and in dense clusters ensuring sufficient customer flow. The development and changes in the commerce affects people's everyday lives and therefore, it has a significant role in the urban planning. Also, commerce is relatively important field of business in Finland taking into account that it employs over 300 000 people. (Santasalo & Koskela 2015 p 8-10, Ilmonen 2013) Retail is still mainly occurring physically and located in regions close to consumers. Moreover, the specialty commerce, which excludes grocery shops is centralizing to the densest shopping areas. These locations include city centres as well as shopping centres and clusters. (Ilmonen 2013, Holopainen 2009)

Where shopping centres focus mainly on specialty retailing and entertainment, the traditional storefront retailing provides local services for the residents and other costumers in the neighborhood. Previous research (see Lilius 2008; Koistinen and Tuorila 2008) shows that areas with diverse and relevant local services are seen better in the quality and more favorable. Viable city centres include retailing which attracts more customers to the area and brick-and-mortar stores increase movement on the streets and sense of community. (Ilmonen 2013; Lilius 2008) However, urbanization and globalization increase the amount of people within cities and gain pressure for construction ensuring sufficient residential and business development as well as services. This promotes dispersion of urban areas, which can weaken the position of the traditional city centre, which usually offers the widest range of retailing. (Ilmonen 2013, Toivonen 2011)

The focus of this thesis is the future forces of change in the retail property market in the Helsinki Metropolitan Area. Moreover, the focus area is Helsinki city centre and especially a commercial district called Tori Quarters (*in Finnish Torikorttelit*), which is an entity consisting mainly of brick-and-mortar stores. This thesis is made as a commission for Helsingin Leijona Oy, which is a daughter company of the city of Helsinki and its main duty concerns developing and managing the Tori Quarters. The city of Helsinki owns the properties within the Tori Quarters, which are located between the streets of Unioninkatu, Sofiankatu and Helenankatu in the city centre. The area is one the oldest parts of the city and has originally been mainly in administration office use.

The real estate development project concerning the Tori Quarters was commenced in 2007. The goal of the project was to vitalise the area by converting the offices into commercial use and make the area attractive for consumers. Currently the blocks consist approximately of 12 000 sqm retail premises including around 50 different companies. This year the renovations are finalized and the second phase of the project is coming to its end. Helsingin Leijona Oy is responsible of the leasing, marketing and property management of the area. This thesis focuses on the future perspective of the Tori Quarters. The vision will be examined by studying the current and future forces of change as well as their impacts in the retail property market. The retailing in the city centre as well as in general is changing due to the current and future development projects and forces of change in the market. How these changes may affect the Tori Quarters?

Research about the future of Finnish commercial property market have been studied for example by Toivonen (2011) and Toivonen and Viitanen (2015; 2016). These studies focused on the commercial property market in general in the Finnish environment. Also, Seppälä (2016) has studied megatrends and their impacts related to the logistic property market in Finland. Furthermore, the trends and future scenarios of commerce and retailing

have also been researched previously (see Klanten et al. 2015, Krafft & Mantrala 2010, Mustakallio 2015). Thus, the existing research do not focus on the retail premises specifically. Additionally, companies provide retail and real estate outlooks which study the development of market and trends. (see PwC 2017, Deloitte 2017, Solita 2015) However, future studies and its research methods have not been applied in these publications. Also, the previous studies have focused mainly on the global point of view and the general perspective of commercial properties. Therefore, the focus of this thesis is to investigate the forces of change and their possible impacts on the Finnish retail property market and especially in the Helsinki Metropolitan Area.

1.2 Research objectives

The goal of this research is to examine the possible future vision of the Tori Quarters located in the city centre of Helsinki in Finland. The vision will be studied by identifying the forces of change related to the retail property market in the Helsinki Metropolitan Area. The forces of change are relatively extensive and diverse in their nature and thus, wider operational environment is needed for studying the forces. Furthermore, the study examines the possible influences of the forces on the Tori Quarters. The identification of the impacts includes both positive and negative influences and reveals strengths, weaknesses, opportunities, and threats related to the market environment. The future vision of the Tori Quarters is examined together with analysis of Helsinki city centre as the Tori Quarters forms a part of the city centre operations. Additionally, examining the development of the surrounding environment enables better understanding of a specific part of wider scope. The study will help understanding the future development of the market as well as forecasting and planning retail property market operations. Also, the research offers an opportunity to take an advantage of the possible changes and prepare for the future. Following research questions have been formulated to examine and answer to the research problem:

1. What could be the possible future vision of the Tori Quarters from the perspective of retail property market?
2. What are the forces of change in the retail property market?
3. What are the possible impacts of the forces on the market and Tori Quarters?

The answers for the research questions are presented in the final chapter of the thesis.

1.3 Research methods

The research includes literature review and empirical study, which are based on the methodologies of futures studies. Firstly, the retail property market's forces of change are studied with a research method called environmental scanning (ES), which gathers information from the examined environment from various sources. In the ES research method, the environment relates to the socio-cultural, political, ecological and economical entity where the forces are seen in the retail property market. It also includes the resources and actors related to the environment. ES enables identification, follow-up and analysis of the different forces of change (Rubin 2002, p. 904). The forces vary with their nature and magnitude (Gordon & Glenn 2003). The scanning is conducted in two phases; literature review and expert panel. The literature review examines the existing literature related to the research topic. Thus, the review covers the following subject areas: future studies and current retail property market forces. The literature used for the study includes various publications such as scientific articles, books, theses, doctoral dissertations and market studies. The current market forces are studied from various publications related to property markets and

retailing and no significant limitations are made regarding the scope or the origin due to relatively limited amount of academic literature focusing distinctively only on the retail premises' future development and trends. In the empirical part, environmental scanning is completed as an expert panel for examining the future forces and their possible impacts on the retail property market in the Helsinki Metropolitan Area. The members of the expert panel are selected retail occupiers, municipal officials working in the field of real estate development and planning and real estate investors in the Helsinki Metropolitan Area. The experts are interviewed in order to gather their opinions and observations regarding the future changes in the Finnish operational environment.

Secondly, the impacts of the studied forces on the Tori Quarters are examined with a research method called a Futures Wheel. Futures wheel enables brainstorming and discovering possible influences of forces. Structuring a futures wheel includes investigating the primary, secondary and tertiary etc. influences of forces of change. This will result in a form of a wheel with several rings indicating the causal relationships between the impacts. (Glenn 2009, Rubin 2002) Usually the formation of a futures wheel is conducted with external participants and therefore, in the thesis the wheel is created in a workshop arranged for Helsingin Leijona Oy. The field of future studies and the application of the research methods are explained in-depth in the second chapter of the thesis.

1.4 Research limitations

The thesis examines the forces of change related to the retail property market. Also, their possible influences are presented. However, this research is mainly focused on studying the market forces affecting the Finnish operational environment and especially the Helsinki Metropolitan Area. The findings and changes in the market are called future forces, which are generally grouped into five different forces depending on their magnitude. These forces include megatrends, trends, weak signals, wild cards and driving forces. In this research, the forces under examination are limited to megatrends and trends due to the limited extent of the thesis. Trends stand for a present change, which can be seen continuing in a specific way in the future. Moreover, megatrends are clear entities or alignments that have a known history but are still appearing in the future. Megatrends develop slowly and are effective from seven to ten years. (Rubin 2002, p. 892-907)

The literature review does not have limitations regarding the origin of the literature due to the relatively limited amount of academic publications related to the subject under study. Thus, the review presents a global overview of forces in the retail property market. However, the general scope of the thesis is limited to the Helsinki Metropolitan Area in Finland and therefore, the expert panel comprises actors operating in the area. In addition, the goal is to examine the future vision of the Tori Quarters and therefore, deeper understanding of the future development and possible impacts of the forces are studied by organizing a workshop for Helsingin Leijona Oy and in relation to the city centre of Helsinki and the Tori Quarters. Moreover, the timeframe set for the future horizon is 2030, which was seen far enough in the future but still as an understandable period of time.

The studied forces of change are related to the retail property market. Properties are grouped by their purpose of use. Retail property is one type of commercial properties. Commercial properties include premises, which are used for material or immaterial service production and therefore, exclude residential properties. Thus, one commercial property division can be for instance offices, warehouses, retail, production and service premises. Moreover, retail

premises include properties used for business such as stores, banks, restaurants, coffee shops and hair salons. (KTI 2001)

1.5 Structure of the thesis

This thesis examines the market forces affecting the retail property market. These forces are studied by literature review and empirical study. The first chapter of the thesis forms an introduction to the topic as well as presents the research objectives and methods, limitations and structure of the study. The literature review starts in the second chapter and explains the methodologies used in the study. This chapter gives insight to the field of future studies and presents the research methods called Environmental Scanning and Futures Wheel, which are applied in the thesis.

The third chapter focuses on the first phase of the environmental scanning, which is also part of the literature review. The chapter introduces the process of scanning and the results, which form the current market forces. The second part of the scanning is introduced in the fourth chapter. Thus, the formulation of the expert panel and its results are presented in the chapter. Also, possible impacts of the forces and future visions regarding retail property market in the Helsinki Metropolitan Area based on the interviews are introduced. The second part of the empirical study, the futures wheel, is examined in the fifth chapter. This includes the formulation of the wheels resulting the possible future impacts on the Tori Quarters in Helsinki. The chapter sixth presents the future visions for Helsinki City Centre and the Tori Quarters. Finally, key findings, discussion, research quality and reliability as well as suggestions for further research are introduced in the seventh chapter. The full structure of the thesis is presented in the figure 1.

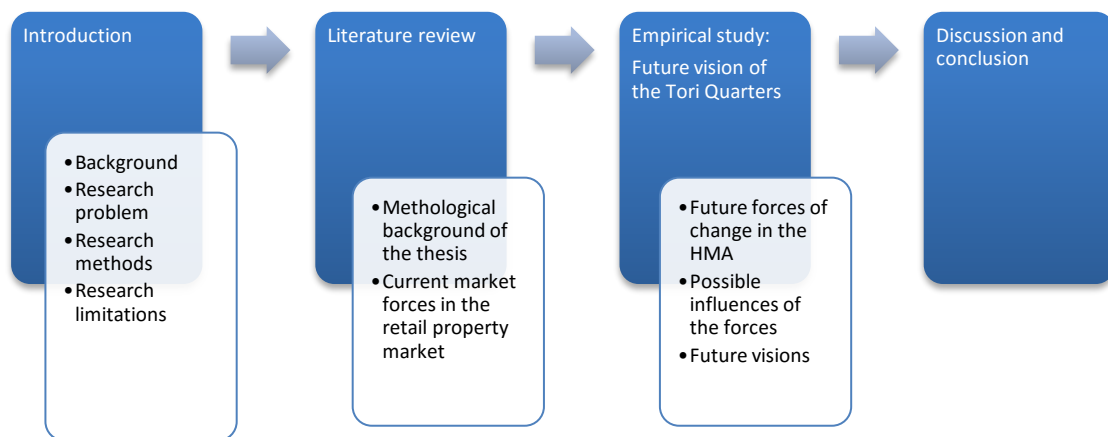


Figure 1 Structure of the Thesis

2 Methodological background

This chapter introduces the background of research field called future studies and the research methods used in the thesis. The future studies' research methods that are applied in the study include Environmental Scanning and Futures Wheel. The methodology of these methods is introduced in this chapter.

2.1 Future studies

The branch of science focusing on researching possible future scenarios is called futures studies. The modern field of future research is relatively new. Flechtheim (1945) introduced the term futurology in 1940s and he has been recognized as the father of the modern futures studies. Historically futures thinking has been referred to superstitiousness but nowadays future studies is used as a tool to predict future and assist decision making. (Borg 1993 p.300-301, Kamppinen et al. 2002) Futures thinking have been used in various country scale actions and especially driven by the military actions (Bell 2003 p.11; Borg 1993 p. 301)

In the research field of futures studies, the main target is not to predict specific futures to occur but to find out possible scenarios which can differ on their probability. Thus, the potential future scenarios have no limited number (Kamppinen & Kuusi 2003 p. 118-119). As the modern futures thinking became more known, it gained an academic position in the 1980's (Malaska 1993). Futures studies consists of various fields of science that enable describing, explaining and understanding phenomena, which are related to social and natural environment as well as continuous changes. These phenomena are related to change and development in several fields of life. (Rubin 2014) Futures studies is an interdisciplinary field taking profit from data, theories and methods from various disciplines (Malaska 1993, p. 8).

The target of the research field is to investigate the future by studying the information regarding the current and past situation (Mannermaa 1999, p. 20). Thus, future studies focus on the possible, probable and wanted or unwanted development. It is not possible to know the future scenarios for certain nor recognize them in the present. However, the future can be experienced in the current situation in various development processes. The goal of the futures studies is to affect the general thinking and moreover, include it to decision making. (Bell 2003 p. 148, Malaska 1993 p.7)

Futures studies can be applied to various topics with variable timescales. Suitable research method among future studies is dependent on the topic and aim of the research as well as the available resources. (Glenn 2009a p.2, Mannermaa 1999 p. 12, 31 & 42) Applying future studies in the research field of real estate economics is relatively new approach within the academics. Research about the future of Finnish commercial property market have been studied for example by Toivonen (2011) and Toivonen and Viitanen (2015; 2016). Seppälä (2016) has studied the megatrends and their possible impacts related to logistic property market in Finland by using futures studies' research methods.

2.2 Environmental Scanning

Futures studies include a research method called environmental scanning (ES) which is a tool for investigating the environment and identifying possible future forces of change. The method is also called “monitoring” and “futures scanning”. (Gordon & Glenn 2003, p. 3) The environment refers to actor’s socio cultural, political, ecological and economical scene. As a result of the method by scanning the environment, the researcher creates a database, which consists of various phenomena. Furthermore, the development and the influences of the phenomena are investigated. (Rubin 2003, p. 904)

The method includes tracking, recognizing and analyzing “trends”, megatrends”, “weak signals”, “wild cards” and “driving forces” in the environment (Rubin 2003, p. 902). The forces are studied from various sources including for instance reports, articles and news. Afterwards, the phenomena are listed and grouped by their nature and relation to the scanned environment. Monitoring enables recognizing early indications of the future changes and the earlier they are noticed the more time will be for taking the possible changes in to consideration. (Gordon & Glenn 2003, p. 3)

Environmental scanning is one of the most important parts of the future studies as it predicts the possible phenomena related to the future development and constructs a background for deeper investigation. The method has been applied in research related to real estate field earlier. Toivonen (2011) used ES for examining the forces of change in commercial property market in her research. Additionally, Seppälä (2016) studied megatrends affecting the logistic property market with the help of scanning. Thus, utilizing the method in the thesis is relevant choice according to the previous researches.

In the thesis, monitoring is conducted in two parts; executing a literature review and an expert panel. Firstly, general future forces of change are investigated in the literature review. This includes studying several sources and identifying forces related to the retail property market in general. Secondly, the expert panel is created in order to find out the market forces occurring in the Finnish market and especially in the Helsinki Metropolitan Area. The expert panel is carried out by interviewing market actors like real estate investors, public authorities and retail property occupiers. The process of environmental scanning applied in this thesis is presented in the chapters 3.1 and 4.1.

2.3 Futures Wheel

Futures wheel is a research method, which enables brainstorming and discovering influences of different future aspects. The target of the method is not to forecast a certain comprehensive future scenario but to study different possible development paths. (Kamppinen et al. 2002, p. 25; Mannermaa 1999, p. 19) Usually the formation of a futures wheel is conducted with external participants or internal research team. The number of participants may vary a lot depending on the topic and aims of the research. (Boujaoude, 2000) In Boujaoude’s research (2000) 3-4 participants attended on the formation of the wheels. Kamppinen et.al. (2002, p. 24) states that it is crucially important to construct a joint team with variable expertise and views.

Structuring a futures wheel includes investigating the primary, secondary and tertiary etc. influences of forces of change. This will result in a form of a wheel with several rings indicating the causal relationships between the influences (see figure 2). The possible

impacts are focused on a specified actor or on other target related to the force of change under study. (Glenn 2009b p.1-2; Rubin 2002 p. 906) It can be chosen that all the impacts that can be named are accepted or only the agreed influences are accepted to the wheel (Glenn 2009b).

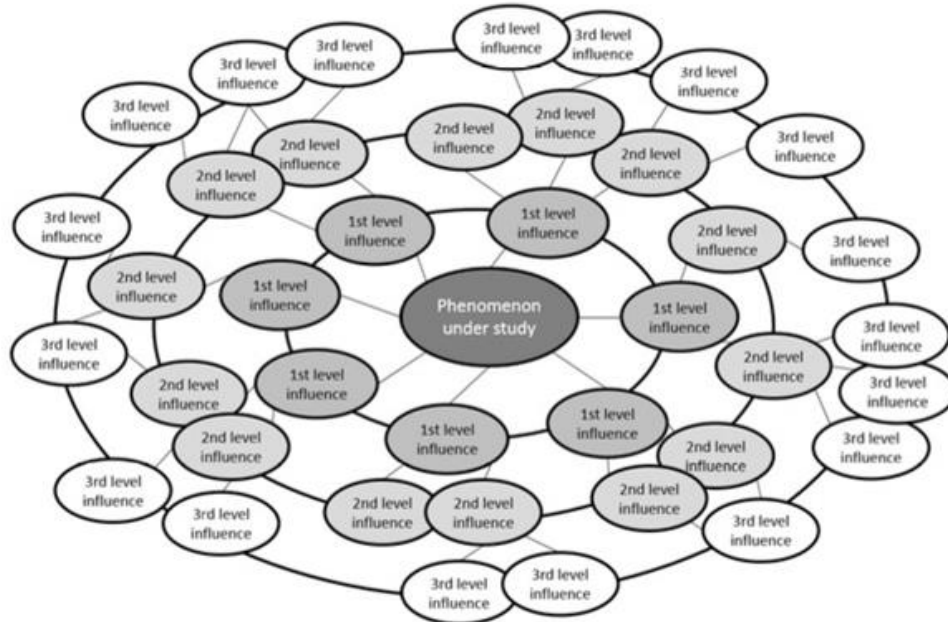


Figure 2 Example of a futures wheel (Toivonen & Viitanen 2015)

Furthermore, one futures wheel is conducted for each force. Although, it is highly recommended to choose only the most important forces of change as it may become too wide and complex if all the forces are taken into account. The wheels may include same impacts but also several different ones. After finalizing the wheels, all the impacts are studied carefully and mutual future themes are examined. The investigation viewpoint is moved to the outer circles' impacts of the wheels. These impacts may be mutual among the wheels and thus, show the wider future paths related to the phenomena. (Toivonen & Viitanen 2015) Finally, several future themes are discovered with the futures wheel and possible development paths are found.

Toivonen & Viitanen (2015) have applied futures wheel for analyzing the possible impacts of future forces of change in the commercial property market. Furthermore, Toivonen et.al. (2016) used the futures wheel on studying the possible future influences of increasing demand of green property services in the real estate field. Also, futures wheel has been applied in the research concerning implications of social-ecological change by Bengston (2016). Additionally, Boujaoude (2000) used the futures wheel to investigate various impacts of science related social issues for students. He studied for instance the banning of bird hunting.

Also, Heinonen & Ruotsalainen (2012) applied the Futures Wheel on their research project called "Elävä esikaupunki, ELOISA" (Resilient Suburb). The research studies the methods for increasing the sustainable lifecycle of residential areas and the use of multi-function spaces. The Futures Wheel was used as part of the futures methodology to investigate possible practices and influences of the following subject areas: "experimental and

meaningful environment and living”, “local democracy” and “suburbs’ new ways of use and multi-function spaces for connecting operations”. These examples of previous studies applying the futures wheel as a research method show the variety of the method and how it can be applied in several research problems. In this thesis, the method will be utilized to study the possible influences of the examined forces of change on the Tori Quarters in Helsinki. The application of the FW method is explained in more depth in chapter 5.1.

3 Current market forces in the retail property market

The chapter presents the process of the environmental scanning through the literature review. Additionally, the results of the monitoring are presented. The following forces are discussed in the chapter: technological development, globalization, urbanization, changes in demographics and consumer behavior, differentiation and experiential retail, engagement and loyalty and environmental sustainability.

3.1 The process of recognizing the forces of change

The first part of the environmental scanning was carried out as a literature review. The target of the monitoring is to recognize the current market forces affecting the retail property market by examining the existing literature. The scanning was conducted between April and August in 2017.

The literature sources used in the environmental scanning include scientific articles, reports, market analysis and books. The publications were chosen somewhat freely and no major limitations were made regarding the format or source of the publications. The access to the literature was mainly through web libraries and therefore, most of the source are in electronic format. The searches were conducted by using words such as “future”, “retail”, “commerce” and “trends” both in English and in Finnish. The origin of the publications was not limited but the chosen time horizon was from 2010 onwards ensuring more accurate and recent results since the market is developing rapidly.

Neither the future nor the forces of change regarding retail property market are widely researched in the academic field. Therefore, some reports published by private companies were chosen for the scanning as the companies aim to follow the market changes constantly and publish reports regarding trends and future predictions. The full list of the examined literature is presented in the table 1. Some of the names of the publications are translated from Finnish to English by the researcher. Additionally, some other sources were studied during the scanning for deepening the knowledge about the examined forces and their appearing.

Table 1 Publications used in the environmental scanning

Title	Author	Year of publication
Emerging Trends in Real Estate - New market realities: Europe 2017	PwC & Urban Land Institute	2016
Kuluttajat ja tulevaisuuden erikoiskauppa: Erika 2020 –hankkeen loppuraportti [<i>translation: Consumers and the future of specialty retail: Closing report of the project ERIKA2020</i>]	Wilska, T-A. & Nyrhinen, J.	2013
Retail trends: 2020 vision to the future in retail & consumer market	Futurice	2016
Retail, Wholesale, and Distribution Industry Outlook 2017	Deloitte	2017
Retailing in perspective: the past is a prologue to the future	Evans, J.	2011
Retailing in the 21st Century: current and future trends	Krafft, M. & Mantrala, M.	2010
The future of retailing	Grewall, D., Roggeveen, A. and Nordfält, J.	2017
Think Tank - Kaupan trendit ja tulevaisuus 2015 [<i>translation: Think Thank – Trends and future of commerce 2015</i>]	Solita	2015
Total Retail 2017: 10 retailer investments for an uncertain future	PwC	2017
The future commercial real estate market – the forces of change, influences and preferences in the Helsinki metropolitan area	Toivonen, S.	2011

The literature was scanned by searching for observations regarding phenomena related to the retail property market. The observations were words, sentences or full descriptions of phenomena. The next phase was listing all the descriptions. The observations were categorized in groups by their themes. For instance, all the observations regarding technological development were grouped under the same theme. Thus, the categories form the groups of forces of change. This enables separating the observations from each other's as well as reduce redundancy. However, some of the observations can be linked to more than one category. The full process of the literature scanning is presented in the figure 3.

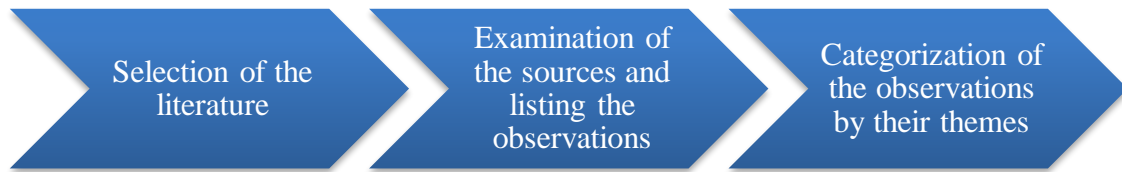


Figure 3 Process of the literature scanning

3.2 Current market forces

The chapter introduces the market forces found through the scanning of existing literature. The chapters are divided by the market force categories. Each category includes different appearances as well as possible influences of the forces.

3.2.1 Technological development

Technological development includes several phenomena with various magnitudes. Thus, new technologies (e.g. mobile services, Internet of Things, robots) have a huge potential to crucially change the retail property market and some of the changes have already been seen in the market. Technological change affects the entity of the market environment including actors, premises and locations. Thus, it can simultaneously benefit real estate owners and developers, consumers and retailers.

New technologies such as mobile apps, scan-and-go technologies, self-check-outs and smart shelves can enhance the profitability and efficiency of a business. For instance, self-check-outs let the customers to handle their scanning, bagging and paying by their selves, which frees up space and reduces the labor costs as less cashiers are needed in stores. Mobile technology has been a game changer in the retailing over the past years. Smartphones give access to the information faster and mobile-apps and geofencing enable gathering data and communicating with the customers. Personalized technologies enable retailers' data collection and offering more specific services for the customers as well as enhancing the customer engagement. The shopping can be only one click away and the connection between customer and retailer is faster through the digital platforms. This also leads to consider the customers' privacy, which can both decrease and increase the customer engagement as customers may notice how much companies can collect data concerning them. (Deloitte 2017 p.7, Grewal et.al 2017a p. 2)

Internet of Things enable collecting data from devices that are connected to each other and communicating together. With the help of IoT vast amount of data can be collected, analyzed and further used to support the business development. (Deloitte 2017, Granlund 2014) Radio-Frequency Identification (RFID) tags in individual products gather information and track inventory throughout the supply chain (Krafft & Mantrala 2010 p. 27). For instance, electronic commerce and cloud computing company Amazon is opening a new cashier-free grocery store, which is based on IoT solutions and sensors. In the store, customers complete the shopping with their mobile phones which are connected to the Wi-Fi, and the technologies installed in the store track the customers, their movements and actions. (Deloitte 2017 p. 7) New technologies also include advanced machines and automatization. The machines can assist for instance in decision making, manufacturing and providing

services. The automatization enables robotics to perform variety of processes at the same time and in high speed increasing the cost and time efficiency. Additionally, big data connects the machines together and collects enormous amount of data related to the surroundings. (Futurice 2016 p. 12-13)

3D printing is among the technological game changers as the automated, additive manufacturing process enables printing various solid 3D products based on a digital model and thus, reduces significantly the costs of manufacturing business. 3D printing was introduced to the public in 2013 and today several industries including medical, construction and consumer goods, are applying this new technology in their business. (Bogue 2013 p. 307-310) Also, 3D printing may affect the retail property market substantially for instance by creating new building components and in-store manufacturing. This may reduce the need of inventory and transportation as well as decrease the building expenses and speed up the construction. For instance, stores may have their own 3D printers and retailers could produce products in store real-time in the future. (PwC & Urban Land Institute 2016)

One form of digitalization is e-commerce, which refers to online transactions. It has been seen as a threat for the traditional brick-and-mortar stores as the range of products is much more larger and usually the prices are lower online than in stores. However, the estimations show that nearly 50 % of the e-commerce is happening through traditional chain operators' websites. These retail chains have also physical stores. Thus, e-commerce can offer an opportunity for retailers to expand their market as online is operating seven days a week and 24 hours. This also gives a chance to communicate more with the customer. (Solita 2015 p. 13; Wilska & Nyrhinen 2013 p. 66) Even though, the e-commerce and online shopping has risen, the forecasts still predict that the stores are not fading totally as the online shopping is emerged to the store operations. Increasing number of customers order the products online and collect them from the store, which integrates the online shopping with offline stores. This model can be called as omnichannel, multichannel or bricks-and-clicks. Multichannel retailing enables channeling customers via various platforms i.e. webpages, mobile applications and stores. (Wilska & Nyrhinen 2013 p. 22-23, 66) The popularity of mobile phone as a purchasing device is continuing to grow and reaching the levels of shopping via the PC. However, in-store shopping is still the most popular among daily and weekly shoppers. The success behind the mobile phone shopping is its high usability as research tool, shopping device and payment method. Mobile shopping also includes a security risks like data hacking. Thus, it is a must that secure technology and data systems are in top priorities in developing online platforms. (PwC 2017 p. 9-10, 28)

The literature argues that staying competitive in the retail market requires that the players take the advantage of the technology development. Hence, some of the successful retailers have already mitigated technology throughout their supply chain. The new technologies enable efficiency – lower expenses, staff reduction, faster services and more efficient space use. IoT helps to track the customer actions and inventory, and thus, reduce operational costs and create consistent product availability to satisfy customer demands. Also, forecasting and replenishment are more accurate with the help of big data and IoT. (Evans 2011, Krafft & Mantrala 2010) Moreover, Futurice (2016 p. 7) indicates in their report that new technologies and e-commerce increases the flexibility of commerce with more agile delivery, product pick-up and return systems. Also, the speed of shopping and consuming is growing as the products and service are easier to reach through various distribution channels. On the other hand, the technologies may increase the vulnerability of the processes as more

parts are automatized and the systems can be hacked or broke down. In addition, some customers may not be familiar with the technologies, which can lead to their alienation.

3.2.2 Globalization

Globalization refers to international operations and thus, the mobility increases and global markets are emerging. According to Toivonen (2011 p. 53) mobility can be seen as an increased movement of companies, capitals, people and ideas. Companies try to locate globally so that the functioning of the firm is as optimized as possible. This can be seen as for instance by choosing location based on the operational costs. Additionally, companies move closer to their customers and thus, have an opportunity to expand and grow. Through globalization the mobility and availability of international products increases, supporting the merge of the markets. For instance, Krafft & Mantrala (2010 p. 72) stated that in Europe this movement can be seen as “sameness” or “Europeanisation”, which is forced by the visions of more standardized European markets and craving for economies of scale. However, the markets operate always locally and thus, differ from each other. This sets a dilemma for retailers who may follow “Europeanisation” or target to meet the special needs of a local market.

One of the major drivers of globalization is the technological development as it enables global mobility and connections. The costs of global mobility have decreased as the technology has developed and enabled more cost-effective solutions. Also, the communications technology allows working in real-time globally. Globalization sets the governments into a position where they may have to revise the regulations and operations as the practices may differ from country to another. As the market is growing there are more actors and thus, the competition gets tougher. In the retail property sector this can be seen as increased number of international service providers and real estate investors. Additionally, as the demand for retail premises is growing, the rents may increase if the supply does not follow the development in time. (Toivonen 2011 p. 53-63) From the retailers’ perspective, the competition may lead to consolidation by the large players as the smaller players are failing to provide the needed components efficiently enough. According to Krafft & Mantrala (2010 p. 67) the growth of the entire sector is slower than the firms’ expansion. Consequently, the amount of small and medium-sized companies has decreased in Europe due to large firms’ acquisitions and development. However, the governments have offered support for the firms including for instance financial help and tax reliefs as well as encouraging smaller firms’ co-operation.

3.2.3 Urbanization

Urbanization is widely recognized megatrend, which has been growing already several years and is estimated to continue in the future. It has been forecasted that 60 percent of population will live in a city in 2030. The urbanization is rapidly growing especially in developing countries. (Laakso & Loikkanen 2004, p. 11; Mannermaa 2004, p. 57) Companies, services and universities also tend to centralize in cities, which attracts people to move there. Thus, one result of urbanization is actors’ accumulation. (Toivonen 2011 p. 94)

The urban structure is changing due to urbanization. This can lead to divergence of cities. Cities become larger and there may be more than one city centre. Shopping centres may turn into more like urban consolidation hubs offering various range of services from local to public services. (PwC & Urban Land Institute 2016 p. 75) The need for more housing and

other types of properties is growing as the demand is rising in the cities. Also, the infrastructure must be developed to support the new development. One of the most important requirement for retail premises is the location as they are dependent of the customer flows. Today the accessibility by car and public transport is a key issue for a retail property to maintain its competitive position. As the urbanization continues, it is possible that the amount of traffic grows resulting traffic jams. (Toivonen 2011 p. 95-97)

However, it can be already seen that owning a car is not a mandatory nor in demand anymore. People value good public transport and sharing vehicles have increased. In PwC's & Urban Land Institute's (2016) report, it has been said that the only people owning cars are hobbyists in 2030. Car ownership is among the things that is not a priority of new urban consumers. This increasing group of consumers value proximity and live in smaller apartments. This is one of the factors enhancing the new rise of high street retailing. Thus, it seems that premises that are car-dependent and large like hypermarkets are decreasing. PwC & Urban Land Institute (2016) stated in their report that "In a changing real estate world, traditional offices and shopping centres are now classed among the riskiest assets, left behind by urbanization and changing consumer habits."

3.2.4 Changes in demographics and consumer behavior

One the major changes in demographics is the aging population. Two significant outcomes of this change are aging workforce and aging consumers. Also, in some countries it has been forecasted that the population will decrease in long term. Thus, some markets will suffer from a shortage of skilled workers. (Evans 2011, Toivonen 2011) According to the population projection of 2015 in Finland, the proportion of inhabitants aged 65 or over will increase from 19,9 per cent to 26 per cent by 2030. In addition, the forecast shows that the number of working-age decreases from 64 to 59 per cent by 2030. (Tilastokeskus 2015) This development can lengthen the careers and workers from abroad are required to ease the situation.

As the population is aging in general, the consumers are aging too. The aging households are relative small in their size but large in their total number. They have time and purchasing power, which makes them important customers for retailers. The new elder generation is determined as customers and appreciates value as well as services. Thus, the demand for services such as wellness, household and care is likely to grow. (Krafft & Mantrala 2010 p. 84; Toivonen 2011 p. 101) The digitalization combined with aging population is something what retailers are tackling with as this consumer group is using technologies relatively differently than young people. (Solita 2015 p. 36) Also, aging inhabitants value convenience shopping and amenities, which increases demand in dense urban areas. (PwC & Urban Land Institute 2016 p. 68) The customer service has been recognized as a crucially important factor for every consumer group but the high service level is emphasized especially in the among the elder customers. Thus, the role and relevance of the instore customer service may increase in the future as the aging population is growing. (Wilska & Nyrhinen 2013 p. 25)

Additionally, another strengthening consumer group is Generation Y (also known as millennials), which represent more knowledgeable and independent shoppers. This group does not response to the mass media advertising and branding. (Krafft & Mantrala 2010 p. 84) The millennials, 18-35 aged people, are used to the technology and utilizes it widely for instance for searching information of the opening hours, product availability and reviews.

Thus, access to this information is valuable in every mobile device. (Solita 2015 p. 30) It has been emphasized that the importance of recognizing the demographics of the target group is crucially important in order to provide successful marketing. Multichannel marketing has introduced various distribution and promotional channels, which can support each other. These channels include for instance newspaper and website advertising as well as promoting at fairs. The right channels should be chosen based on the demographics and consumer groups. (Wilska & Nyrhinen 2013 p. 27-28)

Today, people are in general living and working longer, which have modified the traditional pattern of so called three-stage life consisting of studying, working and retiring. People target to integrate their lifestyle with their work. These movements bring pressure to tailor the real estate strategies to meet the demographic and social changes. (PwC & Urban Land Institute 2016 p. 66) Additionally, the customer behavior in general is changing and the general consumer groups associated with age, income level etc. are no longer enough. The continuing trend is that consumers shop and purchase services based on their values for instance, ecologically responsive groups, vegetarians and luxury brand groups. Moreover, as the gender roles and family dynamics are changing, the products must match the new needs of the customer groups. (Krafft & Mantrala 2010 p. 72)

3.2.5 Differentiation and experiential retail

Even though the e-commerce has been growing rapidly, it is still seen that the physical store is not vanishing any time soon as people still seek for physical experiences and social interactions. Retail premises can offer various experiences for the consumers, whereas online services lack the physical touch. The customers' experiences in store have been seen as an important competitive advantage for the physical stores and as a great differentiation factor. (PwC 2017 p. 13; Wilska & Nyrhinen 2013 p. 29; Grewal et al. 2017a p. 3) This requires continuous development and innovative actions from the retail operators. Thus, customers easily recognize and in the end reject actors who fail to implement new innovations and keep the activity fresh. (Krafft & Mantrala 2010 p. 28)

Krafft & Mantrala (2010 p. 23) stated that one of the major factors adding value to the shopping experience is unusual and exciting store atmospherics as well as involving consumers much more in the shopping experience. The consumer's shopping experience is affected by the premises' features like design, music, colors, scent and crowding. Moreover, the experiences are also affected by the elements that cannot be controlled like influence of other people and purpose of shopping. This can be a major competitive advantage since pleasant shopping experience may result greater sales as the costumers are in better mood. (Grewal et al. 2017a p. 3) The retailers have been increasing the experiences in the stores by building spectacular shopping and leisure environments. Brands have created several unique and outstanding flagships stores, combinations of brand museums and events and experiential premises. (Wilska & Nyrhinen 2013 p. 29) In addition, great customer service is likely to add value for retailers. To improve the quality level of in-store shopping, the talented sales associates are in key position. (PwC 2017 p. 14)

PwC's (2017 p. 32-33) report presents that desirable in-store features include ability to check other store or online store quickly, inviting ambience and an opportunity to explore and order from a supplemental selection. Thus, the report suggests focusing also on showrooms that are physical locations for customers to familiarize themselves with extensive range of

products and place an order. Additionally, this gives the retailer an opportunity to decrease the in-store inventory as the products can be shipped to the customer later. More extensive product range can also include personalization for instance by giving the customer an opportunity to design parts of the product like colors or patterns in-store. Moreover, the popularity of tailor-made products is believed to increase in the future. Personalization gives a unique touch and experience for the customer. (Futurice 2016 p. 36)

Unique environment and merchandise promote differentiation. Emphasizing the individuality and aiming creating a destination for consumers gain engagement and diversification from the competitors. (Evans 2011) This has been an advantage of brick-and-mortar stores as they tend to offer more unique service than large retail units and shopping centres. Shopping centres have been blamed lacking unique atmosphere and as a result they are developing into entertainment centres providing various services and experiences. Leisure operators are popular among the centres and in addition, traditional operators like health care, wellness and municipal services as well as office spaces are gaining their number in shopping malls forming an entity of services similar to an urban city centre. (PwC & Urban Land Institute 2016 p. 27)

Experiences are more than the shopping. Promoting the retail premises can be done through special events like workshops, presentations and performances. This increases the uniqueness of the experience. (PwC 2017 p.22) However, the experiences and differentiation are also emphasized in the Internet. As people search for information online, it offers an opportunity for retail market actors to stand out. Today, it is crucially important to have user-friendly websites and active social media operations to ensure accessibility online. Social media is among the most popular sources for inspiration. Also, it can be used for showing inventory situation real-time, which guide the social media user to purchase the product. Additionally, social media is for story-telling and emotional engagement featuring product placement. (PwC 2017 p. 14-15, 24)

3.2.6 Engagement and loyalty

The competition in the retail field is getting fiercer and thus, the retailers as well as the retail property owners and managers are competing from the best tenants and customers. Companies' and academics' awareness of the importance of creating consumer engagement have increased over the past years. (Grewall et al. 2017a) Grewall et al. (2017b p. 55-56) have studied the ways for creating more engagement and meaningful customer experiences. The study proposes retail companies and service providers to create foundations in consciousness in order to enhance the customer experience. The customer engagement can be seen in three levels, which are from bottom to top the following: outstanding customer experience, emotional connection, and shared identity. First, the service providers are focusing on creating exceptional customer experiences. Second, engaging continues as the customer is sharing the purposes and values, which enables establishing positive emotional links. Finally, the customer and the retailer have a strong emotional connection, which enables customers to identify with the retailer. The foundation of the hierarchical model is the base of Conscious Capitalism: higher purpose, stakeholder integration, conscious leadership, and conscious cultures. PwC's report (2017 p. 22) states that creating local communities around the premises engage the consumers. For instance, sports labels' stores have organized running clubs for their potential customers.

Loyalty programs are focusing on engaging customers and awarding from the loyalty. True loyalty is divided into two segments; attitudinal and behavioral loyalty. Attitudinal loyalty includes the preferred and somewhat hidden trust and attitudes towards a company or brand. Behavioral loyalty, for its parts, relates to open repeated consuming behavior. (Krafft & Mantrala 2010 p. 417-418) Retailers and retail property managers are attracting customers and tenants with different loyalty related add-ons aiming to increase the engagement. For instance, shopping centres and outlets can provide their own gift cards (Citycon n.d.) as well as loyalty programs, which offers benefits (i.e. price offers, events, specialized product selection etc.) for the customers (Chesser 2015). Chesser (2015) also states that the customer engagement benefits include shopper and measurement data, increased sales, frequency and transaction volumes.

3.2.7 Environmental sustainability

The environmental sustainability has gained its significance due to notable matters like climate change and increased energy consumption. Buildings' environmental load consists mainly of consumption of natural resources including energy, materials and water. Therefore, the environmental issues related to buildings have a huge impact on the environment. For instance, in 2016 the heating of buildings calculated 26 per cent of the total end use of energy, which was the second largest share after manufacturing (45 %) in Finland (Motiva 2017). The environmental issues are greatly linked to every phase of properties' lifecycle including manufacturing the building materials, building, use and end phases and thus, the environmental aspects must be taken into account in all phases (Toivonen 2011 p.102-103).

Today, increased attention is shifted to the environmental friendly options and green buildings have become more common. Green buildings are created in a way that they decrease the negative impacts on environment and people's healths. Also, sustainable buildings can reduce the buildings' operating expenses and thus, increase the cost-efficiency. However, the building costs in the beginning may be relatively high due to the special materials and technology used in the buildings. (Toivonen 2011) In addition, properties can be rewarded for their eco-friendliness and sustainable operations with for instance LEED and BREEAM certifications. For instance, buildings belonging to the frameworks save energy, water, resources, decrease the amount of waste and enhance human health. Moreover, BREEAM helps the investors, developers, design and construction companies to utilize the natural resources more efficiently measuring the buildings' sustainability in various categories. These can also be valuable achievements to boost the status of a property as it shows ecological values and may attract tenants as well as other customers. (U.S. Green Building council 2017; BRE 2017)

The environmental pressures originate partly from the government, which set the requirements and regulations related to the environmental impacts. In addition, the consumers may also require more ecological and ethical service. This can mean for instance that customer choose buying ecological products or a tenant wants to locate in premises that support environmental friendly practices. Responsible and environmental friendly consumer habits have been increasing in previous years. This can be seen as growing popularity of ecologically produced products and services but also, as decreasing consumption. (Wilska & Nyrhinen 2013 p. 17)

4 Future forces of change in the retail property market in the Helsinki Metropolitan Area

This chapter introduces the formulation of the expert panel for the scanning of future market forces affecting the retail property market in the Helsinki Metropolitan Area and the research methodology of the thematic interview. Also, the possible influences of the forces on the retail property market in the HMA are presented.

4.1 Formulation of the expert panel

The second phase of the environmental scanning is conducted as an expert panel, which includes interviews for selected members. According to Gordon & Glenn (2003 p. 3-4) the goal of the expert panel is to broaden the scanning and get views of experts about possible changes on the horizon. Thus, the participants of the panel are asked to share their observations and opinions about current and expected developments. Also, it is suggested that the members of the expert panel would be selected by their discipline, experience, work and interest. Additionally, creative thinkers are valuable source for the panel as they can provide diverse viewpoints. In this study, the goal of the expert panel is to get their views on changes and developments in the retail property market in the Helsinki Metropolitan Area as the literature scanning forms an overall view of the market forces affecting globally. Thus, the members of the expert panel are expected to give their observations related to the Finnish market environment.

The expert panel gathered for the study consists of 15 members from several organizations related to the retail property market in the Helsinki Metropolitan Area. The background and expertise of the members varies a lot, which is expected to result various different viewpoints. Seven of the interviewees represent companies which are retail premises occupiers. In their business, they use retail premises to provide their services. The companies represent grocery store, specialty product, fashion and consumer goods retailers as well as café occupiers. The occupiers were selected due to their job description rather than their position in the company. These members were responsible of the retail operations of the company or their work was related to retail premises in general. Additionally, six of the members are municipality officials from cities of Helsinki, Espoo and Vantaa. Their position and organization within the municipality varies between urban planning, real estate and business industry sectors. Finally, two of the members stand for commercial real estate investors. Due to the characteristics of the expert panel research method, the names of the participants are listed in this study and their approval was asked in the beginning of each interview. Also, the method provides anonymity for the members of the panel and thus, the answers cannot be connected to a certain participant. The full list of the participants of the expert panel is presented in the table 2.

Table 2 Members of the expert panel

Name of the interviewee	Current position	Organization	Role of the actor
Antti Palomäki	District Director	Kesko Oyj	Occupier
Ari Hokkanen	Business Location Manager	Suomalainen Kirjakauppa Oy	Occupier
Erkki Tommila	Business Location Manager	Alko Oy	Occupier
Ilkka Aaltonen	Senior Real Estate Advisor	The City of Helsinki, The Real Estate Department	Municipal official
Joona Reunanen	Senior Vice President	Sponda Oyj	Real estate investor
Jukka Pietarila	Director, Controlling and Business Development	L-Fashion Group Oy	Occupier
Jussi Vyyryläinen	Leasing Director	Citycon Oyj	Real estate investor
Kimmo Viljamaa	Business Development Manager	The City of Vantaa, Business Development	Municipal official
Marjaana Yläjääski	Architect	The City of Helsinki, Strategic Urban Planning Division	Municipal official
Mikko Koponen	Retail Director	Fiskars Finland Oy Ab	Occupier
Minna Maartola	Development Manager	The City of Helsinki, Economic Development sub-committee	Municipal official
Niina Hietalahti	Strategist	Kuudes Kerros Helsinki Oy	Occupier
Nina Samlihan	CEO	SIS. Delicatessen Oy	Occupier
Rikhard Manninen	Director	The City of Helsinki, Strategic Urban Planning Division	Municipal official
Torsti Hokkanen	Director	The City of Espoo, City Planning Department	Municipal official

The interviews represent qualitative research method, which is used as a part of the expert panel in the thesis. Interviews are one the most common methods for data collection as it is relatively flexible method for various kinds of purposes. The method can be applied in most of the research cases and it enables gathering truthful and deep information of subjects under study. Also, interviews are far more personal and active processes compared to questionnaires, which are also widely used for data collection. The categories of interviews are divided into three types varying mainly from their way of formulating the questions and congruence of the processing. The categories are the following: structured, semi-structured

and un-structured. The questionnaires are categorized as structured interviews, thematic interviews are semi-structured and open interviews represent un-structured interviews. (Hirsjärvi et al. 1997 p. 200-206; Kvale 1996)

The chosen interview type for the study is a thematic interview. The definition of the method varies but in general, the themes for the interviews are decided before-hand. Additionally, the format and order of the questions may be missing or changing along the interviews. Thus, an overall perspective of the interview is known and same for all the interviewees. The method gives an opportunity for the interviewee to describe the topics freely and answer broadly. Thematic interviews can be compared to a normal conversation but the interviewee is the most active participant. (Hirsjärvi & Hurme 2000 p. 47-48) Thematic interview was chosen due to its ability to generate extensive and meaningful answers. Also, it enables focusing more on the expertise areas of the expert panel's participants as the interviewees may answer unrestricted.

The members of the expert panel were interviewed separately and individually. The interviews were performed during May and June 2017. The interviewees were contacted by email and a small briefing to the subject of the thesis were presented. The interviews were held in the premises of the participants or in public places such as cafés and restaurants. The length of the interviews varied from 40 to 100 minutes. All of the interviews were recorded and the researcher took also notes during the sessions. One of the recordings got interrupted and only the beginning of the interview was taped. Thus, the rest of the interview were fulfilled by the notes of the researcher. Rest of the interviews were recorded successfully. Two different kinds of interview frameworks were used; one for the occupiers and one for the investors and authorities. Mostly the content of the interviews was the same but the difference was that the occupiers were asked to describe major changes both within their own company and within the field of their business. The themes were decided before the interviews but they were not presented to the actors before-hand. The used frameworks of the interviews are shown in the appendices 1 and 2.

4.2 Future forces of change in the Helsinki Metropolitan Area

The forces of change related to the retail property market in the Helsinki Metropolitan Area are based on the experts' interviews. They were asked to name current and future forces of change affecting in the retail property market in the HMA. The time period for the future was chosen to be in 2030. This chapter introduces the categories, which were created based on the answers of the experts and thus, the process followed the same frame of environmental scanning as presented earlier in this thesis (see figure 3). Some of the categories are megatrends itself and the forces may appear in several categories since they are usually related to each other's as well as appear in different forms. The full list of the categories is seen in the table 3. Also, possible influences under each category are presented along the chapter. One interviewee described the predicting of the future as following:

“The pace of the changes is enormous so it is difficult to predict how fast and in which magnitude the changes will occur.”

Table 3 Future forces of change in the retail property market in the HMA

1. Technologies reshaping retail <ul style="list-style-type: none">- Digitalization- Automatization and robots- 3D printing
2. Urbanization <ul style="list-style-type: none">- Polycentric cities- Urban lifestyle- Accessibility
3. Emphasized experiences
4. Multifaceted premises <ul style="list-style-type: none">- Flexibility- Mixed-use- Servicizing
5. Clustering and specialization
6. Communal, social and collaborative actions
7. Changes in demographics and lifestyles
8. Globalization <ul style="list-style-type: none">- Global actors- Increased tourism
9. Environmental sustainability

4.2.1 Technologies reshaping retail

Technology and its potential development were among the most popular and emphasized answers for the question related to future changes in the retail property market. Some interviewees mentioned that technology will be the most powerful force affecting the retail property market in the future even though it is relatively difficult to predict the outcomes and the speed of the technological changes. Overall, according to the interviewees, technology will affect significantly the appearances and features of the retail premises in the future. One interviewee stated that new technologies enable more efficient space use and thus, the premises would offer the same level of service and assortment as today but in more compact space. Also, the technical requirements of properties are increasing. Various different aspects related to the technological development were discussed during the interviews. However, the main appearances were grouped under the following three sub-categories: digitalization, automatization and robotics and 3D printing.

Digitalization

Vast amount of the interviewees mentioned digitalization as one of the forces of change. Digitalization has no specific definition and the interviewees mentioned various different aspects related to the subject. Digitalization is usually referred to a process of creating new business models by using digital technologies. The interviewees did not specify the extent of digitalization but they mentioned various appearances of the force in the retail property market.

Most of the interviewees discussed about the magnitude of e-commerce as it has already been affecting in the market for some time. Some of the interviewees stated that the share of e-commerce is still quite modest compared to the total sales. In addition, some of the interviewees highlighted that it is difficult to predict how the online shopping will develop and affect the total sale. One interviewee stated that he does not believe in a huge change in the weight of e-commerce. However, some of the interviewees emphasised that it is a great opportunity for retailers to expand their customer base and increase sales. Also, based on the interviews, connecting online with offline is hugely important as it gives a chance to increase the product range and connect with the customer outside the store hours and premises.

The customers' requirements may increase as they have all the information available online, which have gained their qualitative expectations. Moreover, the product range within stores and tenant mix must meet the expectations of the consumer as the online offers almost limitless amount of products, which are easily accessible. One of the retailers mentioned that digitalization enables collecting data of their customers and thus, target the marketing better to them. Some of the interviewees discussed about the e-commerce's influence on the appearance of the premises as the number of products in stores may decrease. Additionally, most of the interviewees agreed that the e-commerce may increase the amount of pick-up points as people order the products like clothes and food online and collect them elsewhere. One expert described a possible appearance of retail premises:

“- In what extent the retailing may change towards showrooms due to the e-commerce, which may increase the demand of more impressive and experiential premises, where the products are picked up or where people come for demonstrations instead of having products on the shelves. And this may affect the standards of retailing and what kind of spaces are offered.”

Some of the members of panel mentioned digitalization as a great possibility to develop the real estate information systems. For instance, property maintenance information could be directly gathered in an electronic format in a centralized system. Thus, the maintenance of properties would be organized more efficiently as the information would be provided automatically. Also, the application of internet of things in properties was seen as an efficient way to collect more data from the properties and develop the maintenance.

Virtual reality can also be utilized in the retail premises and some of the interviewees mentioned examples of exploiting the virtual elements. For instance, one interviewee mentioned that fashion retailers are already using virtual fitting in their business. The customer can choose the products they want to try on and they will see them virtually. This increases the possibilities to offer more products as they will be only virtually and shipped separately. In addition, one interviewee gave an example of a possibility that the customer could visit the factory virtually and choose the products there as well as see the conditions of the manufacturing. Also, one panellist from the public sector mentioned that virtual reality is used in the urban planning as the 3D operations offer a possibility to explore the development paths virtually. Additionally, some of the interviewees mentioned that augmented reality may be more often connected to retailing offering extensive experiences. Thus, virtual elements in the premises are more likely to increase. Shopfronts can display the products virtually. According to the majority of the interviewees, information, guidance and advertisements may be more often in the digital format in the future.

Automatization and robotics

The technological development was seen affecting the manufacturing and development of machines and vehicles. One interviewee stated that the new manufacturing technologies have an influence on the processes and the premises, but it is relatively difficult to predict how it will change the spaces themselves. Also, one interviewee stated that in the future, companies may share their manufacturing equipment and spaces with others. Many interviewees stated that robots become more common and increases the efficiency of various operations as well as decreases the need for humans in the processes. For instance, the panellists thought that more cars will be driverless robot cars in the future. Thus, the robots were seen as one solution for ease the transportation and logistics. The robots can deliver the products, which reduces the need for drivers. Also, in dense areas like in the city centres, robots can deliver small shipping faster and reduce the space need. One expert described the future processes as following:

“The operations can be so trimmed that the dress can be already waiting at home after shopping in a store.”

3D printing

Some of the interviewees highlighted the future possibilities of 3D printing. This was seen to affect the manufacturing in a way that brings it in a small scale to the premises itself. In addition, 3D printing may increase the efficiency of manufacturing but also decrease the expenses. Products can be produced easier with build-to-order (BTO) approach and thus, the need for inventory may decrease. Also, 3D printers can be used in stores to show prototypes for the customers and enable customization. One interviewee mentioned that 3D printing offers new business model opportunities like services, which focus only on the printing of products.

One of the retail occupiers emphasized the overload of new technologies and the difficulties related to them. The customer should be in the focus and try to develop the systems from its perspective and choose the technologies which would benefit the consumer the most. Also, the vast amount of the interviewees mentioned that as the technologies are developing rapidly it is both difficult and important to try to keep on track on the development in order to stay competitive. Technological development may also create a need for new specialists within the organisations as it can be out of the scope of the core business of the company. In addition, some interviewees mentioned that all consumers and tenants are not familiar with new technologies, which should be taken into account when implementing new solutions to the business.

4.2.2 Urbanization

In the retail property market urbanisation was seen as an effective force appearing currently and in the future in the Helsinki Metropolitan Area (HMA).

Polycentric cities

As the population of the cities in the HMA will increase, more real estate development is needed for housing, work places and services. All residential areas need a sufficient amount of local services in the neighbourhood. Demand for retail premises will occur in the new development areas and in their neighbourhood. As the cities are growing, the distance to the

city centre increases. Additionally, the capacity of city centres is limited. Thus, the new local services as well as shopping centres will be located outside the city centre and forms new centres inside the city. Some of the interviewees believed that the cities in the HMA will become polycentric in the future and the services will centralize to the busiest centres.

Urban living

The urban lifestyle and urban consumers were mentioned several times during the interviews. The interviewees thought that urban habitants will take more advantage of the city (i.e. events, services, public spaces). One interviewee believed that the public spaces will be more efficiently occupied and the spaces can be rented by the citizens. Thus, the cities will provide more spaces for the citizens. The amount of people living in the cities is increasing and their lifestyle includes valuing proximity to service as well as fast and easy accessibility. Also, the size of households is decreasing in general and people live in smaller apartments. This development will also strengthen the position of retail premises within the cities especially in the city centres, where most of the actions are focused. Some interviewees highlighted the effect of urban culture as vitalizing the city centres especially in Helsinki and thus, attracting even more visitors. Some of the members of panel also mentioned that urban living becomes popular the retailers will also locate within the dense urban areas within cities and thus, the competition increases raising the rents. One interviewee stated that cities must take it into account in the planning and focus on enabling reasonable priced premises and possibilities for modifying the spaces. In addition, some of the shopping malls may become new urban city centres, where the services are focused in a certain area.

Accessibility

The urbanization will affect the infrastructure as the amount of traffic will gain and new areas are developed within the cities. Some of the interviewees thought that the private motoring will decrease, whereas the usage of public transportation increases in the future. Thus, a car is not a necessity as the cities become denser and the public transport will become more efficient. Some of the interviewees emphasized that the retail premises are locating closer to the natural customer flows and they should also be easily accessible without private cars.

Based on the interviews, the general view was that services, housing and work places are centralizing to the same areas endorsing the accessibility. For instance, some interviewees gave an example of the ongoing development projects within cities, where housing, shopping centre and work places will be located in a same entity. Additionally, the traffic connections will be connected to the entity as well. One interviewee stated that people want to focus their use of services (i.e. groceries, shopping, public services etc.) and thus, the places which have a vast variety of services are seen attractive.

4.2.3 Emphasized experiences

Some interviewees noted that people will highly value and seek for experiences in the future. Experiences can be seen for instance as surprising, exciting and meaningful elements and situations. The general opinion was that experiences are a valuable competitive advantage for physical stores in competition with e-commerce. One interviewee stated that one of the purposes of retail premises is to increase customers' level of experiences and inspiration. The attractiveness of a retail premises is dependent on the overall coziness inside and outside the space. Thus, also the surroundings including services, infrastructure and urban

environment have an effect on the success of a retailer. Therefore, the whole entity will have a strong effect on the attractiveness of a certain retail premises.

People still want to touch, feel and see the products and elements, which promotes the experiential retailing. The experiential retail refers to facilities and services that enable fitting and testing the products. This can be composed even more efficiently with technologies such as digital platforms and augmented reality. Also, experiences were seen highlighted in entertainment, health and fitness as well as food and beverage services and thus, their quantity was believed to increase in the future. Moreover, the retail stores will include more hands-on activities and experiences for the customers as well as visual elements.

4.2.4 Multifaceted premises

Flexibility

The interviewees were unanimous about the rapid changes in the market and thus, the flexibility of the properties was emphasized to meet the requirements of the continuous changes. Some of the members of the expert panel highlighted that the tenants are changing more often nowadays and thus, the requirements of the premises change as the operators have different preferences. Also, one interviewee stated that the space needs change rapidly and thus the premises should be easy to modify. According to the interviews, resilient physical elements enable fast changes and modifying of the premises is easier. Based on the interviews, the occupiers emphasized the importance of flexibility due to the new concepts of their companies and changing consumer behavior, whereas the investors and public-sector actors mentioned it together with tenant changes and conversions. Moreover, the temporary use of premises was believed to increase in the future. In addition, some of the interviewees highlighted the need for faster changes and more transferable premises, which could enable experiments and temporary use due to temporary demand. One interviewee mentioned a possible outcome of the flexibility:

“- - are the retail premises as static as they are today; like now a certain operator have a certain place in the shopping centre or will there be more flexible structures as the shopping centre will live more after some changes and some space could be used by this one today and in other use tomorrow or even during the same day - -”

In addition, another expert described the flexible features of the premises as following:

"Not only the flexibility but also the mobility of the premises so that if in the future somewhere occurs demand, there would be resistant building solutions for commercial premises that could be also demolished and removed if needed."

Additionally, flexible lease agreements ease the changes. Thus, some of the interviewees stated that the agreements are often shorter since it allows flexibility both to the tenant and the landlord. One form of the experimental retail space use is pop-ups. Pop-ups represent short-term concept experiments that can be implemented in various spaces for instance in a store, kiosk or even in a truck. Thus, the retailer operates in a temporal location for a certain time. Most of the interviewees believed that these kinds of agreements and space use are going to increase in the future. One member of the expert panel stated that flexible lease agreements allows both the retailer and the landlord to test how the business suits in the premises and the entity. On the other hand, the constant change of tenants requires active

management of the properties including marketing, modification of the premises and lease agreements.

Mixed-use

Mixed-use premises combine different operators within the same space or entity. The operators may be from the same field or represent various businesses (i.e. café, book store, design etc.). The mixed-use spaces improve co-operation between the companies and offer synergy advantages. Moreover, the mixed-use may reduce the operating costs of the companies (i.e. tenants) as they can centralize the management of staff, cashiers and other operational equipment, which usually create vast amount of expenses for the retailers. Also, according to some members of the expert panel the tenant-mixes may broaden in the future as the private and public services can be located within the same centres. Mixed-use can also be consumer driven; consumers use the premises for another purpose than the space was intended to originally. One of the interviewees also thought that the retail premises like cafes and restaurants may be used more for working and meetings in the future, which may blur the boundaries between the different types of premises but also between the leisure and work time as the environment and working hours differ as well.

The mixed-use can be seen also in the broader level where several property types are combined together. The multipurpose hybrid spaces can include retail premises, offices and housing. This promotes the accessibility and centralization of the operations. Thus, the customer flow is already existing as the inhabitants and workers are located within the entity itself. In addition, one of the interviewees highlighted that this trend has been seen already in the market and the number of isolated office areas is decreasing and the properties are moving towards larger companied entities, where the offices and housing are supported by retail premises as well. One interviewee from the public sector mentioned that this is taken into account in the urban planning as the new areas are usually developed in a way which includes various operations supported by infrastructure.

Rise of services

Some interviewees believed that industries are becoming more service oriented, which have resulted a new era of servicizing. Servicizing can be explained as a concept, where the end users are buying the desirable outcome of a certain process rather than performing it by themselves. This has resulted an increase in the use and produce of services as a growing number of industries are transforming businesses into services.

Some of the interviewees mentioned that the landlords or the space providers are moving towards service orientated concepts. The premises include more than the space and the managers provides add-on services like equipment for the businesses, operational help (i.e. staff, marketing, training etc.) or common areas. This shift has been already seen in the office market, where for instance, the office hotels may offer services such as postal services, gym and children day care. One interviewee highlighted that the space manager could take more responsibility of the general matters like IT services and waste management, which would decrease the burden of the retailers. Also, servicizing of the spaces can increase the flexibility as the operations can be tailored for each tenant separately and the length of the lease agreements may vary. One panellist stated that the various ownerships of the retail premises within a certain area challenges the development of the area as an entity and from the whole service offering perspective. Thus, the panellist thought that the control of the premises could be given to a certain manager, which would enable differentiation in rent levels and thus,

broader service offerings. One interviewee described new business model for retail premises as following:

“ -- there may be retail hotels where there is the retail space but then there's also some other services for the businesses like transport services or bookkeeping and then you can choose in a flexible way and if you are fledgeling operator you may want to pay less and then there's a possibility to try for a half a year how it goes and there's no need to commit for a long term.”

Servicizing is driven especially by the technological development, which provides facilities, content and products for the processes. Thus, the physical form of retail premises may change due to the different space need of services. Servicizing can also be seen in new business models for retailers. One interviewee gave an example of mobile device repairers, which have quickly gained their business locations especially within shopping centres. The development may reduce the space need of regular stores whereas the amount of service providers is increasing.

According to one interviewee, the increase of flexibility and mixed-use impacts the way of building the cities, ownership and operations of the properties. For instance, if there's no need for renting premises for longer term, it affects the ownership of the property as it may be riskier for the owner. Also, the retailers may not want to own the premises by themselves. Increase of flexibility of the premises and mixed-use may also lead to more indefinite specification between different property types. Thus, a space can change from retail use to office depending on the operator. The premises can be developed in a way, which support various kinds of uses. Therefore, the more instable premises and changing needs of spaces challenge the urban planning as well. Today, the zoning regulations indicate the use of properties and thus, restrict varying the use of the premises, which may be under a pressure to change in the future.

4.2.5 Clustering and specialization

Clustering means that companies that operate in the same business field centralize close to each other creating a cluster. In addition, this means that competitors are locating in a same area. Some of the interviewees defined this is a trend that has started recently and increases in the future. The development of clusters will create districts, which are focusing in a specific sector. Food courts, wellness centres and fashion outlets are some examples of this movement. These can be located for example in shopping centres or in a specific area consisting of several big box retailers or brick-and-mortar stores. One member of the expert panel thought that in the future the clusters may combine small service operators who benefit from the synergy. In addition, another interviewee stated that for instance an entire shopping centre can be seen as a cluster, which means that the centre is specified in a certain business sector.

Thus, the clusters also represent specialization. The clustering and specialization were seen as an important competitive advantage because the range of services increases and the tighten competition may gain the overall quality of the services. Moreover, one interviewee highlighted that shopping centres that are not specialized will vanish as they are not competitive enough. Specialization improves the differentiation from the market in general. The clustering leads to centralization of the services in a specific area or a building. According to one interviewee, the clusters may increase their size in the future. On the other

hand, as the demand increases in a certain area it may increase the rents in turn. In addition, some retail occupier interviewees believed that clusters and specialized destination retailers may attract customers even from further and thus, the location can be aside.

4.2.6 Communal, social and collaborative actions

Some of the members of the expert panel mentioned the importance of social interactions for people, which they believed to be even more highlighted in the future. Most of the interviewees highlighted that the urge to meet people drive them to physical stores and consume other services including restaurants, sports facilities and entertainment services. Thus, offering spaces for consumers to spend time together is becoming even more common and valuable in the retail. In addition, the social aspects emphasize the importance of the customer service and its helpfulness. On the other hand, some interviewees highlighted that they don't know how the technological development may influence the communication. Also, based on the interviews, the co-operation between the operators may increase as the e-commerce tightens the competition. The retailers are supporting each other's businesses for instance by organizing events together. In addition, the operators may locate so that they can co-operate with other operators from different fields as well and provide wider range of services. One expert described the potential future development as follows:

“People’s need for social interactions will remain and the places for gathering together are important.”

Another expert described the different behaviors regarding social interactions:

“Cleaning days and restaurant days happen in various locations but at the same people are communicating a lot with devices and online – two extremes.”

Retailing will focus even more on creating a sense of communality. The respondents emphasized the communal aspects regarding the retail premises like joint events in shopping centres for the retailers and mutual marketing. Moreover, the sense of communality is targeted to the customers and the whole neighborhood. This can be done for instance by providing special offers or services for the locals, giving possibilities for the customers to take part in the development of the retail operations and offering clubs for specific customer groups. In addition, the communal and public spaces are becoming more common in relation to the retail premises. The areas and spaces are available for everyone to spend time in. The communal areas can be for instance seating areas, playgrounds or spaces for different activities like cooking and reading. In addition, one interviewee speculated that in the end someone has to pay for these public spaces and the costs might be shifted partly to the tenants.

4.2.7 Changes in demographics and lifestyles

The aging people was mentioned as a force affecting the retail property market since the consumers and workers are aging in general. Also, one interviewee mentioned that the lifespan expectancy is getting longer. Thus, the seniors are becoming a large consumer group and their needs should be taken into account in the service offerings.

The changes in lifestyles were seen to have an influence on the consumer behavior and the way people work in the future. One interviewee stated that careers will consist from various parts and people may do different jobs at the same time. This will affect their leisure time as well as they are not entitled to have a specific office hours anymore. In addition, one interviewee mentioned that, the way of working becomes more flexible as it might not be

reliant on the location. Technology provides facilities for working remotely and people can choose wherever they want to work physically. This may increase the use of open spaces (restaurants, cafés, common areas, libraries etc.). Additionally, one retail occupier mentioned that entrepreneurship may increase in the future, and vast amount of young people is interested in becoming an entrepreneur. This could lead to an increase in independent stores with specialized selection of goods. Moreover, one interviewee believed that new ways for starting own businesses are develop, which would create more small companies that need various spaces.

Some of the interviewees believed that the people's leisure time will increase and thus, it may raise the use of retail operations in turn. The interviewees believed that businesses focusing on the free time services will benefit greatly in the future. In addition, some of the interviewees mentioned that the tenant-mix in the shopping centres may change and there will not only be commerce but also more entertainment services like bowling and activity parks. Also, food & beverage services in general were believed to increase their volume. Some of the interviewees also believed that people don't want to own and buy things that much anymore, which may weaken the position of traditional retailers but also offer possibilities for new business models and strengthen the role of services.

4.2.8 Globalization

The main outcomes of the globalization were seen to be the increased number of foreign operators, products and tourism in the Helsinki Metropolitan Area. This movement will improve the development of the cities as the level of consumers will increase. Also, new foreign products and actors will offer wider range of assortment but also, tighten the competition. Moreover, one member of the expert panel mentioned that growing number of international actors may decrease the transparency in the market as the actors follow different regulations. Some of the interviewees highlighted Finland's chance to take an advantage of the situation and promote its products and culture as the globalization is boosting the visibility of Finland. One interviewee highlighted that tourism is growing strongly in the HMA and thus, it should be taken into account and the services should be directed also for the tourists. For instance, the language differences may revise the service offerings.

Globalization is also driven by the technological changes which will develop the transportation systems in and to Finland. Some interviewees mentioned new possible solutions including fast railway connections to Russia and Eastern Europe as well as new flight routes, which connect Finland even better to the rest of Europe. One interviewee highlighted that technologies also improve communications globally, which eases targeting the customers and marketing worldwide. Another interviewee stated that the global distances will become shorten as the communication and accessibility improves due to the new technological solutions.

4.2.9 Environmental sustainability

Some of the interviewees mentioned the environmental issues as one of the significant issues affecting the retail property market as it is related to various real estate functions including buildings, transportation, customers and regulations. Some of the members of the expert panel mentioned that they have implemented various sustainability and environmental themes in their business and aim to reduce emissions. These modifications were for instance related to supporting more eco-friendly transportation (e.g. electric cars, bicycles, public

transportation etc.), better recycling facilities and energy efficient electric solutions. Most of the interviewees mentioned that the planning of the cities aims to support environmental friendly development. One interviewee told that the environmental requirements of the operators and customers have increased in the past years and estimated that sustainability will be more likely considered self-evident in the future.

Some of the interviewees stated that the consumers are more aware of the environmental issues and therefore, require also the same values from the retailers and property managers. For instance, consumers have asked for better recycling facilities, more bicycle stands, electric car charging points and environmental-friendly brands. Additionally, tenants pay attention the properties' sustainability and may prioritize landlords who have committed to environmentally-friendly programs and regimes. One panellist emphasized the possible influences of the climate change, which may cause strict regulations for instance for transportation, size of apartments and manufacturing.

4.3 Additional views regarding the development of the retail property market in the HMA

The most common features that make retail premises attractive were discussed during the interviews. The interviewees believed that the retail premises will remain in the future but they may change their appearances and content. The members of the expert panel were unanimous that the location and the easiness to access the premises are highly important. The best location was generally seen to be within the existing customer flows. This means that there are already some other operations in the area including services, traffic connections or housing. The interviewees highlighted that in the future, the good locations are more dependent on the accessibility by public transport. However, some interviewees stated that as the overall development from private motoring to public transportation may be relatively slow, they also emphasized the importance of accessibility by private cars. Thus, the most attractive locations were traffic hubs where various transportation connections meet.

Moreover, one interviewee stated that some of the shopping centers and entities (i.e. outlets, big box areas etc.) may face some challenges in the future if the location is not supported by the public transportation or lacks existing customer flows. Also, the micro-location of the premises is crucially important as the surroundings (i.e. visual elements, neighbouring operators, events etc.) also attracts customers. Additionally, one interviewee highlighted that the position of a certain location can change due to a new operator or development in the area, which attracts more users. According to a panellist, the cities focus on locating the retail operations as a part of urban planning but sometimes the operators themselves can change the dynamics of an area. Thus, it is important that the opinions of the retailers are also taken into account in the planning as they know which locations are suitable for their business.

Among the most important features of the physical elements was the flexibility of the premises in the future. The panellists stated that it is crucially important that the premises can change along the business needs and adjust easily. Thus, one interviewee stated that the new premises and renovations must be built in a way which support flexibility as efficiently as possible. Other features affecting the attractiveness were for instance the size, layout and design of the premises. Also, cost efficiency, technological components and environmental friendly aspects were mentioned as relatively important features. Moreover, the size of the retail unit was discussed during the interviews. For instance, one interviewee stated that

shopping centres may be too big, which may isolate some of the retailers from the main customer flows. On the other hand, the brick-and-mortar stores can be too compact and difficult to modify. Some of the interviewees thought that the brick-and-mortar stores could be converted into apartments if they are not suitable for commercial use. However, especially some of the interviewees from the public sector believed that the popularity of the conversions is due to the higher profits of the apartments compared to commercial use.

Some of the interviewees believed that the average size of a preferred space is decreasing whereas some noted that the average size of shopping centers and clusters are increasing and in addition, the smaller centres may not be competitive enough as they are mainly focusing on local services. Some of the members of the expert panel thought that the number of shopping malls may decrease in the future as the competition tightens. In addition, some of the interviewees mentioned that the service mix within commercial districts may change in the future. For instance, the public services have already gained their share as a part of retail premises and it would continue in the future. Also, entertainment and leisure services as well as food and beverage services were believed to increase. One interviewee emphasized that in the future new possibilities such as crowdfunding for starting business will become more common, which will result as new operators in the field.

The members of the expert panel were asked to mention some key elements that may boost or restrict the development of the retail property market and the forces of change. They were unanimous that the economic situation affects significantly the development. It has both positive and negative effects depending on the direction of the development. Additionally, some interviewees stated that some regulations were seen as relatively strict protocol which may cause stiffness in the retail operations. For instance, one interviewee mentioned that allowing more products to be sold (for instance medicine or alcohol) in the normal stores would offer a possibility to broaden the assortment within the stores and thus, serve better the customers. Some members noted that the slow urban planning and construction processes as well as relatively specific zoning were challenging. One interviewee stated that the neighbouring cities may compete against each other's by providing better development possibilities for the companies. On the other hand, some regulation changes can also ease the development for instance the extension of opening hours. The population growth was seen as an enabler of boosting the market. Also, the safety in Finland was seen as a competitive advantage, which supports the retailing if the situation remains stable. Moreover, disasters, climate change and other surprising and strong phenomena can change the future development entirely. Interviewees mentioned that the old premises may restrict the development of the retail property market as they limit the modification of the premises. Especially the old properties may not transform enough to meet the new requirements but also the newer premises are relatively inflexible. In addition, most of the interviewees stated that the sharing economics, circular economy and consumer behaviour changes have a huge potential to change retailing by creating new business models and they can have both positive and negative effects, which are challenging to predict before-hand.

5 Possible influences of the forces of change on the Tori Quarters

This chapter introduces the process of recognizing the possible influences of the market forces on the Tori Quarters as well as the results of the Futures Wheels.

5.1 Process of recognizing the possible influences

The participants for the Futures Wheel session were chosen among Helsingin Leijona Oy as the company is responsible of the property management and development of the Tori Quarters. The full list of the participants is presented in the table 4. The researcher was leading the workshop as a moderator and creating the Futures Wheels based on the conversation of the participants. Additionally, university lecturer and instructor of the thesis Saija Toivonen was present in the workshop as another facilitator. Also, Jutta Menestrina was attending the session as a recorder.

Table 4 Participants of the Futures Wheel workshop

Name of the participant	Current position	Organization
Anna Pakarinen	Executive Producer	Helsingin Leijona Oy
Eija Malin	Head of Sales Communications	Helsingin Leijona Oy
Isabella Rossi	Producer	Helsingin Leijona Oy
Peggy Bauer	Operative Director	Helsingin Leijona Oy
Sanna Paakkanen	Head of Communications	Helsingin Leijona Oy

The Futures Wheel workshop was held in Helsinki in June 2017. The participants were invited to attend the workshop by Peggy Bauer. The total length of the workshop was 2,5 hours including the briefing, the formulation of the wheels, a break and a feedback session. The session was taped and also, notes were taken during the workshop. First, in the beginning of the workshop the researcher introduced the goal of the workshop as well as the extent of the thesis. Second, Toivonen gave a briefing to the futures studies and the Futures Wheel. Third, the formulation of the Futures Wheel began with the guidance of the researcher who also draw the wheels on a flip chart. The possible impacts included in the wheels were chosen unanimously by the participants. Finally, after finishing all the three wheels, the participants were asked to fill out a feedback form about the use of the Futures Wheel.

5.2 Possible influences on the Tori Quarters

Due to the limited time frame and extent of the thesis, three forces of change were examined with the Futures Wheels research method. Thus, the futures wheel was applied on the following forces: digitalization, emphasized experiments and clustering and specialization. The chapter introduces the results of the Futures Wheels and the possible influences of the chosen forces of change on the Tori Quarters.

5.2.1 Emphasized experiences

The perspective of the force was the increase and emphasis of experiences within the Tori Quarters from the perspective of the management, developer and tenants. Experiences were strongly related to visual, surprising and unexpected elements both within and outside the

premises. One of the participants stated that experiences can draw the customers back to the area and get them to tell others about the experiences for instance in social media. The experiences were seen to be increased by investing in the visual environment (see figure 4), which draws attention. One participant noted that the coziness is one factor of experiences and the old premises are an attraction itself, which draws customers to the Tori Quarters. Also, the visual elements attract new consumers as they notice the place easier. In addition, new customers may see the place in a different way due to the visual elements. One participant stated that in the simplest way experiences together with visual elements add value when someone passes by and the place catches one's interest. In a long run, this may lead to an increase in customers and tenants as the area gets more attention and the interest rises. Additionally, the control and coziness increases due to the visual environment. Moreover, the image of the area changes as the visual environment is developing.

One possible influence of the increased experiences is a change in the customer behavior. The customers want to feel and experience and thus, they come to the premises to consume but it can be related to other things than products. One participant noted that consumer can "buy" one layer of the supply of experiences for instance by exploring the products in store but ordering later online. Offering more impressive experiences may require multipurpose premises and also, the space requirements change in general. The premises may include for instance a showroom and a café. The general view of the participants were that meeting the requirements and developing multipurpose premises takes a long time but it would be an ideal outcome since it would serve the end-users and the Tori Quarters better. In addition, the changes in customer behavior bring a need for identifying again the target groups as the tenant mix must be developed and kept up to date to serve the potential customers. One participant also stated, that recognizing the target groups enables developing the ecosystem and understanding the tenants' operations.

The expectation value gains through the increase of experiences. Thus, the consumers have higher expectations and the certain new level must be maintained and again exceeded by the operators in order to hold on and attract the customers. Also, as the expectation value increases within the Tori Quarters, it also increases in the neighborhood. Therefore, the entire area's profile in certain way due to the expectations.

The experiences were believed to cause engagement of the operators and the customers. Thus, the retailers are willing to develop their business as they are more engaged to the area. Also, the customers return, which generates more regular customers. In addition, the targeting develops as the needs of regular customers are easier to recognize. Moreover, the people returning to the Tori Quarters and becoming regular customers, gets the feeling of owning part of the entity as they are using it often. The increased feeling of ownership leads to forward messaging if they are satisfied and want to promote the area. Thus, the customers relay message about the Tori Quarters to other people. The participants also thought that through the increase of experiences the reputation of the area increases, which is related to the branding of the area.

Additionally, one form of influences of experiences were seen as changes in the people's way of consuming. They won't only visit the area because of the shopping, but they spend more time by utilizing several different services. One of the participants noted that if the consumers want to do something else than shop, the need for various services increases and profitability of other services may gain as well. In general, the revenues may grow within

the area since the consumption focus on several operators. In the end of formulation of the futures wheel, the participants highlighted that the emphasis and desire of experiences is certainly remaining and growing in the future.

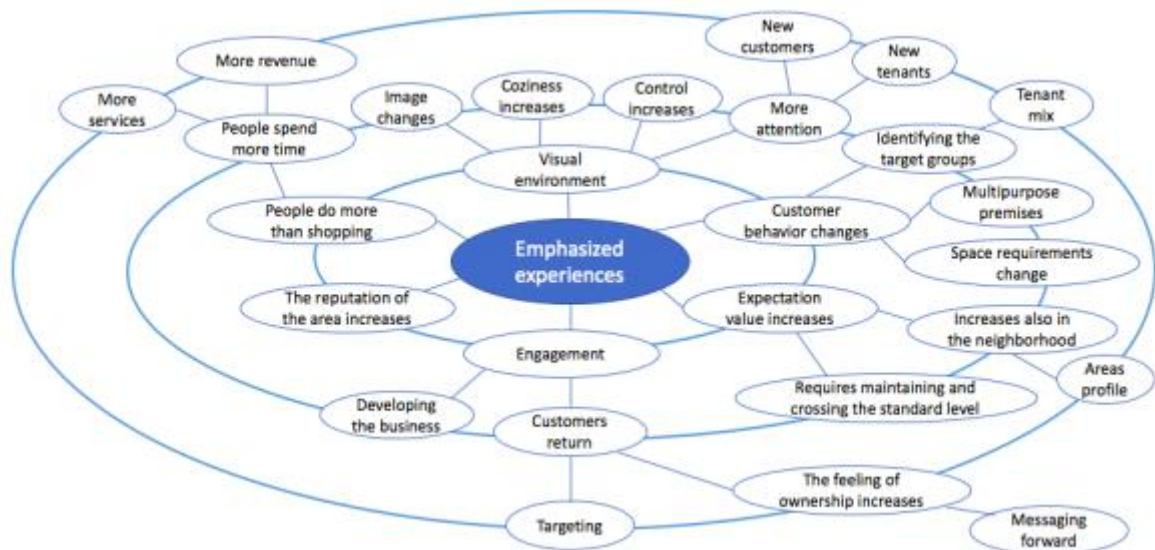


Figure 4 Possible influences of emphasized experiences

5.2.2 Digitalization

The future development of digitalization was discussed as an advantage for the Tori Quarters to develop their operations. It was seen as a possibility to develop the technical systems of the properties towards more efficient and ecological way. Thus, the efficiency could also cause cost-savings (see figure 5). One participant mentioned more advanced waste management and sensors as examples of digitalization. Digitalization was believed to offer ease for transportation and inventory as the products could be ordered when the demand occurs due to advanced inventory information systems. Moreover, one participant speculated that the need for inventory may decrease.

The digitalization was seen as an increase in use of technological components. One participant gave an example of working remotely from a café and thus, using computer and talking on a phone. Therefore, one cause of digitalization may generate alternative behavior i.e. valuing less use of technology and thus, restricting their use in retail premises. The digitalization could enable nonstop connectivity between operators, retailers and consumers due to the gain of communication platforms. However, the increased connectivity influences divergence in the target groups because the behavior of customers varies and all of them do not use new communication systems. As stated earlier the digitalization may ease the connectivity and thus, lead to globalization since the digital formats are globally accessible. One participant noted that Internet will not only be place but the retailers can go straight to the consumer's everyday lives and stay there for 24 hours. In addition, the marketing places will move and digital platforms are everywhere. The information and advertisement can be seen for instance in trams, shopping malls, radios and at home at the same time.

The increasing emphasis of social interactions was seen as a counterforce and a possible influence of digitalization. Some of the participants stated that people are social and

correspondingly, want to establish it by interacting more physically in contrary to the rise of digital communication. Thus, retailing enables interactions with the sales personnel and moreover, the appreciation of the customer service increases. Another possible influence was increased access to information. One participant stated that for instance customers have access and require comprehensive product information. In addition, everyone can access the information and therefore, the transparency increases and the operations become more authentic.

The digitization is developing rapidly and requires constant development of the know-how and monitoring from the actors. One participant mentioned that new methods may replace some of the old methods and it should be accepted. Another participant stated that for example the websites may be relatively old-fashioned already in couple of years. Also, the vast amount of new information may cause abundance of information. Therefore, the significance of allocating the needed and right information to own operations is important. Digitalization enables customers' shopping behavior follow-up and thus, the operators have more information about their actions and desires. This develops the forecasting of the operations and moreover, the targeting of the services eases. The requirements regarding the technology of the premises are tightening. It brings pressure for the landlords and developers to enable the needed technological components for the tenants. Also, the increase of requirements may lead to vulnerability because if the operations are not developing or working properly, the business may suffer and thus, affect the success of the company.

The participants also discussed about the possible reaction towards the increasing amount of digitalization. One participant stated that already some people do not want to use the digital components that much and thus, isolate themselves from the development. Also, some specific areas or events might be technologically-free in the future. In addition, the physical presence is emphasized in these places. One of the participants noted that on the contrary, some of the currently visible technologies may transform into invisible for instance with the help of Internet of Things.

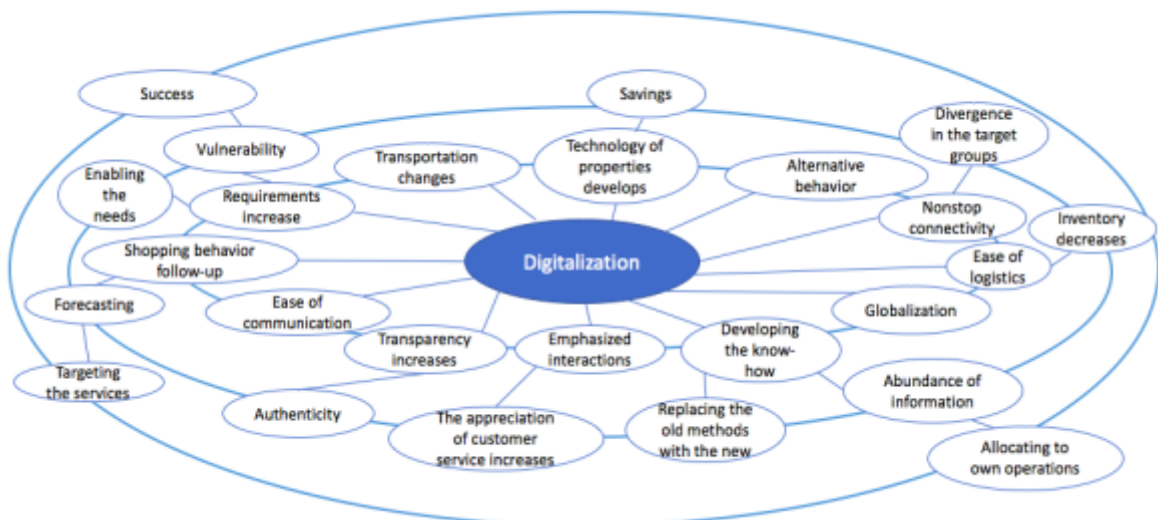


Figure 5 Possible influences of digitalization

5.2.3 Clustering and specialization

Firstly, the participants highlighted that a lack of specialization may lead to loss in competition against other operations. Thus, the quality of the services and operations increases as the amount of competition gains (see figure 6). Also, consumers have higher expectations due to the increased quality. The clusters consist of various operators who are targeting the same customer groups. In the Tori Quarters, this may influence strengthening of the communication between the operators. Thus, the sharing of the information increases, which gains accessibility to broader information.

The concept must be functional and attractive. Therefore, the right operators who fit the concept best, have to be recognized and obtained to be part of the cluster. Clustering and specialization may influence divergence as same kind of clusters and operators do not fit in the market. Moreover, the target groups must be recognized properly, to ensure right concept for them. Also, the movement helps to distinguish in the market and thus, aim to expand the target group. Distinguish in the case of the Tori Quarters was seen also as an advantage of utilizing the public space as it is a part of the area. In addition, the distinguish from the other operations in the market, was seen as a competitive advantage.

Clustering and specialization were believed to create a destination for the consumers. Also, it may cause co-operation of the actors within the area, as they have benefiting from each other's. Additionally, specialized area and attractive cluster may develop the brand of the city of Helsinki in general. Specialization was seen to obligate expertise from the actors within the area. Thus, the network of the operators may change qualitatively. Moreover, the achievement of a role of an expert and broader network may lead to a status of followed actor because people are interested in the opinions of the operators and the development of the area. This may influence the development and formulation of the future of the Tori Quarters as an entity.

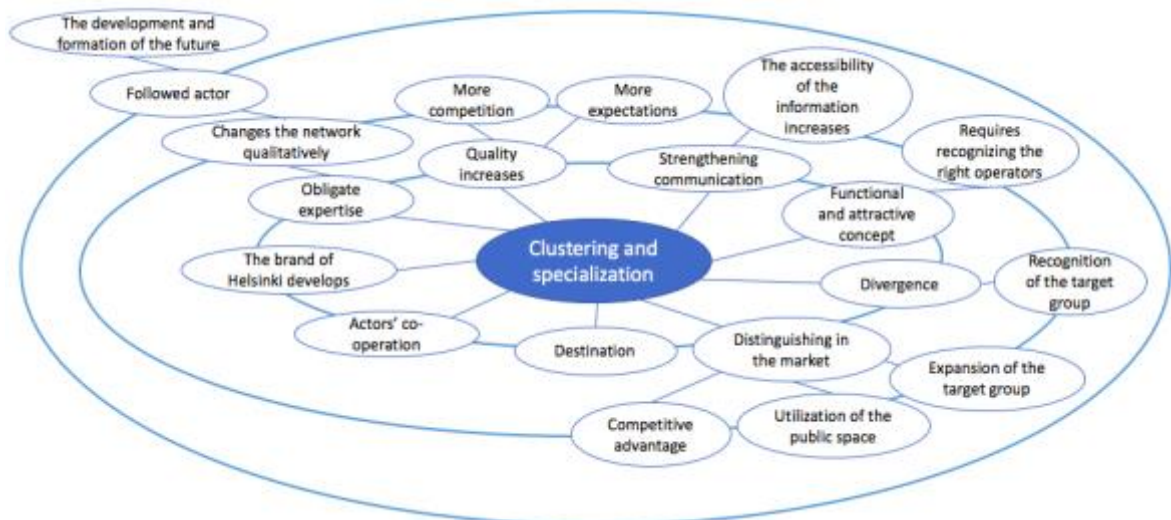


Figure 6 Possible influences of clustering and specialization

6 Future visions

The chapter discusses the future visions of Helsinki City Centre and the Tori Quarters from the perspective of retail property market. The visions represent possible future development, which is based on the studied forces of change and the interviews as well as the Futures Wheels. Also, the chapter presents possibilities and challenges of the areas.

6.1 Helsinki City Centre

The future development of the retail property market in Helsinki city centre were discussed during the interviews. The interviewees estimated the possible influences of the forces of change on the city centre as well as the role and actors of the city centre. Thus, the vision is based on the observation made throughout the environmental scanning process.

According to the interviews, the experts believed that the Helsinki city centre will be still an attractive location for retailers in the future. The city centre was seen as a unique location because of its historical aspects and attractions. In addition, one interviewee mentioned that the city center offers a range of urban amenities generating rich urban experience and increasing the attractiveness. Due to the ongoing development in the city centre, some of the interviewees mentioned that the good micro locations may change in the future and the core of the city centre may expand to surroundings of Aleksanterinkatu. Also, area of the central railway station and Kamppi shopping centre were seen to have development potential in the future likewise the area of Eteläsatama. Even though the existing city centre is a strong area from the retail property market perspective, the new development areas outside the city centre were seen as great challengers. For instance, Pasila and Kalasatama were mentioned as competitors for the city centre. Some of the interviewees gave examples of cities, which are facing troubles with the city centre due to their lack of commercial operators and viability. In addition, one interviewee stated that it is a political question that in which direction the city wants to develop the city centre. Also, due to the high rents and lack of suitable premises in the city centre, some companies are forced to locate elsewhere. The limited availability of space requires denser and higher building, which will affect significantly the land scape of the city.

The city centre of Helsinki was seen offering relatively great variety of operators including retail, culture, public services and work places. Also, housing and governmental institutions are focused there. The diverse service offerings are an advantage of the city centre and thus, it should be remained and strengthened to ensure the viability of the city centre also in the future. Urbanization boosts the development of the city centre as people are moving to the Helsinki Metropolitan Area and the urban structure is getting denser. The city centre offers most of the main attractions in the whole area as well as unique operators and events. Thus, the rise of urban lifestyle may strengthen the role of the city centre. This have been seen already as the city culture (i.e. cultural events, activities and attractions) have risen rapidly during the past years. In addition, some interviewees stated that the city centre could focus more on providing public places for the citizens. The interviewees highlighted that the urban consumers value proximity to services and own rarely cars, which promotes locating retail premises near to the customers and public transportation hubs. Additionally, already some of big box retailers have opened smaller concept stores in the city centre even though they usually are located in the outskirts of the city due to their need of larger premises. Moreover, connecting the e-commerce with the stores was seen crucially important especially for the brick-and-mortar stores, which are one of the revitalizing factors of the city centre. In

addition, the new technological solution may ease the flexibility of the old premises within the city centre.

On the other hand, the urbanisation and retailers' centralization to the city centre increases the competition as well as the demand of the premises, which may lead to rental growth. The interviewees stated that the high rents force retailers to locate outside the city centre, which will decrease the diversity of the services. Therefore, it would be important to provide different kinds of spaces to enable various operators to locate in the city centre. New flexible premises like different types of pop-ups (i.e. trucks, showrooms, entire buildings) ease the situation a little as they are usually more inexpensive solutions and do not require a long-term investment. Also, one of the possible outcomes of urbanisation is the polycentric development. Thus, the status of the Helsinki city centre may be challenged by the new urban hubs within the HMA.

Some of the main challenges of the city centre were mentioned during the interviewees. The vast amount of properties is relatively old and thus, the premises may be inflexible and in poor condition and the renovations are often expensive. Also, the premises' locations may be challenging for instance partly in the basement floor. Additionally, some of the premises lack some necessary features such as water taps and storage room. Therefore, it was seen as crucially important to continuously develop the city centre and keep the premises up-to-date. Moreover, the density of the city centre's urban structure affects the logistic and traffic solutions. They were seen as inefficient and rather expensive and, thus their development was believed to have a crucially important role in the future. Thus, the new plans regarding the pedestrian streets and tunnel were believed to affect the commercial structure of the city centre. In addition, some interviewees said that one of the challenges is the relatively small number of residents in the area, which should be increased in the future.

The Helsinki city centre was seen focusing more on unique, independent and exclusive retailers. The emphasized experiences as well as specialization and clustering endorse this vision. Moreover, the city centre may offer more unique and high-quality premises and thus, the retailers may want to locate their flagship stores and other special concepts there. Also, the city centre is an important meeting place, which is supported by the increased number of cafés, restaurants and public places. Some interviewees stated that the appearance of city centre premises might proceed more towards showrooms, pop-ups and pick-up points in the future. The future vision supports the role of the city centre of Helsinki as a strong commercial district.

6.2 Tori Quarters

The development of the city centre will affect the Tori Quarters as it is located within the centre. Thus, the future vision of the city centre of Helsinki is related to the vision of the Tori Quarters. Hence, this chapter focuses more on the specific factors related to the Tori Quarters. The future vision of the area is based on the forces of change and their possible influences as well as on the observations from the expert panel and futures wheel workshop. Most of the participants of the futures wheel workshop stated that in their work they are trying to predict the future development as far as they possibly can. Moreover, some of the participants also mentioned that their predictions are not extensive enough even though it is important and thus, they should do it more.

Tori Quarters may expand in the future as there are still potential premises left for converting in the neighbouring blocks. Also, the surroundings including infrastructure and Eteläsatama are developing rapidly, which will increase the service level of the area. By connecting more blocks and new areas to the Tori Quarters the size of the entity would increase creating a stronger specialized area, which may attract more customers and strengthen the competitive status of the area. The urbanization and the rise of urban lifestyle favours the profitability of the Tori Quarters. Also, as a result of globalization the number of tourists is forecasted to increase in Helsinki, which may gain the number of customers in the Tori Quarters too as it is already a popular tourist attraction and situated in the oldest part of the city.

Tori Quarters offers variation of experiences as the area is a historical attraction and includes several activities (i.e. cinema, museum, events etc.) for the visitors. Although this can be broadened for instance by combining the surrounding areas to the entity to offer wider range of services. However, experiences are also visual elements, surprising and meaningful situations and elements. Thus, the importance of the attractive and pleasant premises, great customer service and quality in general should be highlighted as they promote positive experiences.

The accessibility of the area is highly significant factor for the profitability of the area. The location cannot be changed but the transportation and guidance can be modified. Thus, it is crucially important to ensure and strengthen the accessibility by foot, bike and public transportation but also by private cars in the future. The improvements could include extension of the pedestrian street, increasing the number of bicycle stands and offering centralized parking. Also, improving the guidance within the blocks but also in the surrounding areas for instance in subway station would ease the accessibility. The infrastructure affects also the logistics in the area, which can be supported by the new technological solutions in the future. Also, other various technological solutions could be embedded to the area to improve the cost and time efficiency. For instance, new digital solutions for the property management and utilization of IoT would help monitoring the usage of the area and customers' behaviour.

Tori Quarters is a combination of brick-and-mortar stores and focuses mainly on independent retailers. Some of the retailers are located in the same premises forming mixed-use entities. Also, events and utilization of public spaces are part of the core operations. These have and will be used for improving the sense of communality and visibility of the area. Tori Quarters consists of different clusters including for instance restaurants, cafes, design and artisan retailers. The entity is specialized as it is focused on specific clusters and independent companies as well as providing events, which is an important competitive advantage of the area. This should be strengthened also in the future to ensure differentiation of the other market operators and create a destination for the customers. In the rapidly changing retail market it is important to understand the target groups and their needs as well as the surrounding market, which will be used as developing the tenant-mix. Also, taking advantage of the growing number of urban inhabitants, the tenant-mix could be focused more on serving services for the citizens. Improvement in the range of local services (i.e. grocery store, pharmacy, hairdresser etc.) offerings would possibly attract more citizens and daily customers. Moreover, communal areas such as hobby and study rooms could broaden the customer base and increase the sense of communality within the area by creating "a public living room" for the visitors.

In addition, the variety of the services could be supported by offering flexible premises, which would be driven by the servicizing. The manager of the Tori Quarters, Helsingin Leijona Oy, already offers some services for their tenants. These services include for example tenant manual, property maintenance and repairs, joint marketing, events and communication channels. Even more comprehensive version of the management could relate the retail premises as a service, where the manager offers space for instance from the mixed-use or from separate premises and in addition, services such as supplement staff, equipment (i.e. digital displays, fitting rooms, cashiers etc.) and bookkeeping. The service could be combined with flexible lease terms. Thus, the concept would enable the retailers especially the small independent companies to test their business model without long-term investments. The landlord benefit from the coherent brand, which they can retain and strengthen as the premises' appearances are more in their hands, but also the unique tenant-mix offers competitive advantage. In addition, the flexible lease agreements give an opportunity for the manager to see how the retailer fits in the entity. The retailers can also apply servicizing in their business as providing more add-on services together with their core business. This is enabled especially in mixed-use premises in co-operation with other retailers.

In addition, Tori Quarters could include a large mixed-use entity, which would offer extensive and experiential service offerings. The premises could be focused on a specific theme for instance, health and wellness services. Thus, the entity could offer services like yoga studio, food store, lunch restaurant, sportswear and equipment store. Also, the experiential retailing can add value to the process as it focuses on providing the customer the possibility for fitting and testing, which would give more personalized shopping experience. The technology enables more efficient servicizing as the digital platforms and IoT helps to track and monitor the customers' actions as well as the property functions. In addition, Helsingin Leijona Oy could create a centralized online shop to strengthen the omni-channel operations.

Helsingin Leijona Oy has focused on increasing the co-operation between the stakeholders by providing joint marketing, training and meetings for the tenants. Also, the events (i.e. Christmas market, dinners, workshops etc.) within the Tori Quarters increase the stakeholder engagement. These features could be emphasized in the future as well. The engagement of the visitors could be further enhanced by creating for instance loyalty programs and providing own gift card for the entity. Also, including the users and especially the citizens to the development and planning of the Tori Quarters could strengthen the engagement and communality. The location, content, history and appearance of the area will enhance the profitability of the Tori Quarters. The area will be a communal, specialised, open and memorable entity of future brick-and-mortar stores.

7 Discussion and conclusions

The final chapter concludes the key findings of the thesis presenting answers for the research questions. Additionally, the discussion about the results as well as the quality and reliability of the research are introduced. Also, suggestions for further research is given in the end of the chapter.

7.1 Key findings

The goal of the thesis was to examine the possible future vision of the Tori Quarters located in the city centre of Helsinki in Finland. Tori Quarters is a commercial area consisting mainly of birch-and-mortar stores comprising approximately 12 000 sqm of retail premises in the oldest part of Helsinki. The vision was studied by identifying the forces of change related to the retail property market in the Helsinki Metropolitan Area. The research was conducted by applying methodologies of the research field of futures studies. The research method called environmental scanning was used for studying the current market forces through the literature and the future forces in the HMA with expert panel. Furthermore, the study examined the possible influences of the forces on the Tori Quarters. The possible impacts were studied with Futures Wheel research method and analyzing the results of the expert panel.

The research questions of the thesis were the following:

1. What could be the possible future vision of the Tori Quarters from the perspective of retail property market?
2. What are the future forces of change in the retail property market?
3. What are the possible impacts of the forces on the market and Tori Quarters?

The introduction of the results begins from the questions two and three as they create the base for the first research question.

The application of the environmental scanning research method was divided into two phases: literature review and expert panel. The aim of the literature review was to examine the existing literature and study the current forces of change related to the retail property market. The monitoring resulted the following forces of change: (1) Technological development, (2) Globalization (3) Urbanization (4) Changes in demographics and consumer behaviour (5) Differentiation and experiential retail (6) Engagement and loyalty and (7) Environmental sustainability. The scanning formulated a background for the empirical study and an overview of the current market forces in a broader global level.

The second part of the monitoring compromised an expert panel, which consisted of 15 market actors including retail occupiers, real estate investors and municipality authorities. The goal of the second phase was to get familiar of the future forces of change in the Finnish retail property market and especially in the Helsinki Metropolitan Area. The forces vary by their nature and extent depending on the operational environment and thus, the Finnish market environment was studied separately. The experts were interviewed, which formed the resources for studying the future forces of change. The recognized forces, including subdivisions, were (1) Technologies reshaping retail (2) Urbanization (3) Emphasized experiences (4) Multifaceted premises (5) Clustering and specialization (6) Communal, social and collaborative actions (7) Changes in demographics and lifestyles (8) Globalization and (9) Environmental sustainability. Also, the expert panel gave insight to the forces' appearance and possible influences on the market.

Technological development was one of the most highlighted future force including various new technologies. The sub-categories digitalization, automatization and robots as well as 3D printing were forms of the technologies, which were the most emphasized within the expert panel. Digitalization is usually referred to a process of creating a new business models by using digital technologies. Some of the mentioned appearances in the retail property market were e-commerce, real estate information systems, virtual reality and IoT. Automatization and robots were believed to change especially the transportation, manufacturing and logistics industries. Thus, the new solutions (i.e. driverless cars, robots as workers and couriers) may increase the cost and time efficiency of the processes as well as change the space need of the retail operations. Moreover, the 3D printing may revolutionize the manufacturing for instance by bringing the small-scale production to the premises themselves as well as gain the efficiency of the manufacturing in general and fasten the pace of the supply chain. 3D printing may also create new building materials, which can decrease the building costs and increase the flexibility of construction.

Urbanization is widely recognized and studied megatrend. It refers to the change of people moving to the cities. The highlighted outcomes were polycentric cities, increase of urban living lifestyle and accessibility. As the population in the Helsinki Metropolitan Area increases, the cities expand and the urban structure becomes denser. Thus, the services are centralizing and creating various new city centres or urban hubs. The growing number of people living in the cities emphasizes the urban lifestyle referring to the urban inhabitants who value proximity to services as well as fast and easy accessibility. Also, the size of households is decreasing and people live in smaller apartments due to the limited availability of space and higher living expenses within the cities. Urban lifestyle increases the usage services within cities and highlights the city culture as the inhabitants are taking more advantage of the services and public spaces. In addition, urbanization will affect the infrastructure as the amount of traffic will gain and new areas are developed. Some of the interviewees thought that the private motoring will decrease, whereas the usage of public transportation increases. This shift the focus of the retail locations closer to the existing customer flows and transportation hubs. The importance of accessibility with all the variations of transportation and especially with public transportation will be emphasized.

Some of the interviewees believed that people will highly value and seek for experiences in the future. Experiences can be seen as surprising, exciting and meaningful elements and situations. The general view was that experiences are a competitive advantage for physical stores compared to e-commerce. People still want to touch, feel and see the products and elements. This can lead to an increase in entertainment and leisure services as well as the quality of customer services. Multifaceted premises refer to the changing property requirements and increased variation of use of premises. The interviewees were unanimity about the rapid changes in the market and thus, the flexibility of the properties was emphasized to meet the requirements of the continuous changes. The resilient physical elements enable fast changes and easier modifications of the premises. The flexibility is also seen in the rental agreements as the shorter and more adjustable agreements are becoming more common. Moreover, the premises can be mixed-use combining various operations and actors in the same premises. The multifaceted premises promote the cost-efficiency and eases companies to establish new businesses as a long-term investment in the premises is no longer needed and the expenses can be divided with other users. In addition, the servicingizing may change premises more into service concepts. Thus, the premises would more than a

space as the landlords would offer add-on services (i.e. equipment, additional staff, transportation services etc.) for the tenants.

Clustering and specialization indicates the retail premises' and actors' centralization. The centralization creates clusters that are specialized to a certain field (i.e. restaurants, sports or fashion) and thus, the competitors are locating in the same area or even in same space. One interviewee stated that if a shopping centre won't specialize it will be discarded from the competition. Clustering creates centralization advantages for the retailers and in addition, it may increase the size of shopping centres and areas. Most of the members of the expert panel mentioned the importance of social interactions for people, which they believed to be even more highlighted in the future. They believed that the urge to meet people drive them to physical stores and consume other services including restaurants, sports facilities and entertainment services. Thus, offering spaces for consumers to spend time together is becoming even more common and valuable in the retail. Retailing will also focus even more on creating a sense of communality by creating communities consisting of for instance customers and retailers. The sense of communality is improved by engaging the whole entity for instance to the development and planning processes, organizing different kinds of events and providing special offerings and services. In addition, the communal and public spaces are becoming more common in relation to the retail premises. Changes in demographics and lifestyles included aging population and influences on the consumer behavior and the way people work in the future. These may create new business models and types of spaces but also, require modifications on the existing services and premises.

Globalization is also one major megatrend affecting industries and societies in general. In the retail property market one the key outcomes is the new foreign actors (i.e. retailers and investors) and products. Also, the globalization was seen as resulting increase in tourism in the HMA. The new technologies, better accessibility and growing recognisability of Finland have been driven the globalization. Environmental sustainability was also recognized as one of the forces shaping the retail industry. The environmental sustainability is referring to the regulations created for promoting more environmental friendly operations, improving sustainable solutions in relation the premises as well as ecological consumer behaviour.

The possible influences of the forces on the Tori Quarters were examined through the expert panel as well as with the research method Futures Wheel. Due to the limited extend of the thesis the futures wheels were only applied for the following forces: digitalization, emphasized experiences and clustering and specialization. The futures wheels were created in a workshop organized for the organisation of Helsingin Leijona Oy. First, the possible primary effects of emphasized experiences on the Tori Quarters were changes in customer behaviour, and visual environment, increase of expectation value and reputation of the area, engagement also people do more than shopping. Second, digitalization was believed to influence alternative behaviour models, nonstop connectivity, globalization, development of the know-how and emphasize the interactions. In addition, it was seen to ease and change the transportation and logistics. Moreover, the technologies of properties may develop but also, the requirements increase. Digitalization may influence ease of communication and enable shopping behaviour follow-up but also increase transparency. The possible impacts of clustering and specialization included strengthening communication, divergence and distinguishing in the market. Also, quality and actor's co-operation may increase as well as the whole brand of Helsinki may develop. Tori Quarters would create a destination for the visitors. The specialization can also create pressure for expertise obligations.

The future vision of the Tori Quarters is related to the vision of the whole city centre as the geographical size of the centre is relatively small and the surroundings affect the future development of the Tori Quarters. The results showed that the city centre will be an attractive location from the retail property market perspective also in the future but the variety of operations including services, housing, work places and culture must be strengthened. The future vision emphasized the importance of accessibility, specialization and functionality of the premises. The unique aspects (i.e. architecture, city culture, service diversity etc.) should be further emphasized to maintain the competitive advantage. As the location and accessibility are among the most significant features for the retail premises, the infrastructure plans and mobility solutions in the city centre should take into account the commercial operators' views. It is crucially important that the area is accessible from all directions with different types of transportation. The rapid changes in the market increase the number of tenant transitions and need for renovations. Thus, the development processes should be faster, more efficient and agile. In addition, it is important to develop the city centre as an entity in order to achieve a functional and profitable outcome.

The future vision of the Tori Quarters highlighted possibilities especially related to the following forces of change; emphasized experiences, clustering and specialization, communality, servicizing, globalisation, technological development and urbanisation. The number of urban habitants as well as tourists is forecasted to grow and thus, increases the number of customers and operators in the cities. Tori Quarters could take an advantage of this and by updating their tenant mix, provide more services for the citizens. This could include traditional local services, events and communal spaces. Also, more unique destination operators may attract both citizens and tourists. Helsingin Leijona Oy, the manager of the premises, could broaden their services for tenants by creating retail premises that offer comprehensive set of services and facilities. The concept may include space for instance from the mixed-use or from separate premises and in addition, services such as additional staff, equipment (i.e. digital displays, fitting rooms, cashiers etc.) and transportation combined with flexible lease terms. The concept would give the retailer a possibility to test the business. This would enable offering premises for the independent and small companies as it does not require high and long-term investments. Also, the landlord maintains its power to make adjustments to the tenant-mix, get more unique tenants and retain the concept brand in their hands. The retailers can also apply servicizing in their business as providing more add-on services together with their core business. This is enabled especially in mixed-use premises in co-operation with other retailers. Also, the experiential retailing can add value to the process as it focus on providing the customer the possibility for fitting and testing, which would give more personalized shopping experience. The technology enables more efficient servicizing as the digital platforms and IoT helps to track and monitor the customers' actions as well as the property functions.

The city centre of Helsinki was seen to maintain its role as a strong commercial and attractive district in the Helsinki Metropolitan Area. The future vision of the Tori Quarters highlighted the communal, experiential and specialized features of the commercial entity, which would consist of various retailers, services and space types.

7.2 Discussion

Forces of change and their possible influences give insight for the possible future development paths. Thus, the future orientated analysis and studies help to anticipate and

prepare for the possible future changes. Also, the forecasting gives a possibility to influence on the evolution of the future events. Additionally, the forces of change may vary on their appearances and have several possible influences within the operational environment. Moreover, the pace of changes may transform over the time and modify the possible future development. Properties are relatively long-term assets and thus, the forecasting is an important factor for achieving a profitable and desirable outcome.

Most of the members of the expert panel described that forecasting has an important role in their decision making and planning. The forecasting differed mainly between short-term and long-term forecasts. The short-term referred usually to 1-5 years, whereas the long-term plan varied from 5 to 15 years. Moreover, some of the representatives from companies and public sector mentioned that their forecasting is somewhat guided by the group company's or city's strategy. The members used different kinds of sources and indicators for forecasting including history data, purchasing power, changes in the demographics, urban structure and transportation as well as economic development. However, most of the interviewees stated that forecasting is extremely difficult especially in the long term. In addition, some members of the expert panel emphasized that it is alarming how poorly they can and implement forecasting in their operations. This was due to the surprising and continuous rapid changes as well as uncertain development paths and consequences.

In this study, the forces were studied with environmental scanning research method combining literature review and expert panel. The literature review formulated the background for the research topic according to the current publications. The used literature included both international and Finnish publications and thus, it gave an overview of the current forces in the global operational environment. Also, some of the publications concerned commercial premises in general without specific distinctions between the different property types (i.e. retail, office and logistic premises). In addition, the expert panel was used for studying the future forces related specifically to the retail property market and the Finnish operational environment. Thus, the major differences between the applications of the research methods were their scope for operational environment and time frame. The investigated forces were somewhat similar within the different scopes. Especially the previously recognised and studied megatrends including globalization, urbanisation, technological development and environmental sustainability were all affecting the both environments. Rest of the forces were somewhat different, which may be caused by the different time horizons, current and future, as well as the different operational environments.

The study also revealed some variable interests of the retail property market actors. As the literature was provided by different organizations and did not include only academic literature the background of the authors may have an effect on the scope and focus of the study as well. Also, during the interviews the different interests were shown and diversifying the observation as the interviewees have different goals and represented various fields of businesses and positions related to the retail. Moreover, the retail properties cover relatively wide scope of use types (i.e. shops, restaurants, cafes, entertainment, wellness etc.) and especially shopping centres and brick-and-mortar stores were seen as somewhat differing objects. Thus, some of the findings were more specifically related to a certain type premises. However, the goal of the thesis was to examine the retail property market's forces of change as an entity and thus, the entity of diverse views and property types were included and not studied separately.

The study suggested that the retail premises will remain their physical form but the appearances and content are changing in the future. In addition, the retailing is supported by new sales channels increasing the service level. The attractiveness of the premises will be emphasized as the customers must be tempted to visit the premises even though they have the possibility to shop online. In addition, the usage of the premises may not be that strictly related to its physical borders anymore. Retailing is expanding to the outskirts of the spaces through events, additional areas, exhibitions and decorations. Also, some retailers and property managers may arrange add-on services for the customers and tenants to promote the communality and flexibility. The retail premises will be more than only a space, as the content, surroundings and service offerings will become much more valuable for attracting customers in the future. In addition, as the changes are increasingly rapid, the resilience of the processes and spaces becomes even more valuable. Nevertheless, the retail properties may become more agile as the changes become frequent and the different use and user types, contents and physical elements become more indistinct.

7.3 Research Quality and Reliability

The goal of the thesis was to examine the forces of change and their possible influences on the retail property market and provide a future vision for the Tori Quarters from the retail perspective. The thesis is estimated to succeed to answer its research questions and provide knowledge of the forces of change and their possible impacts in the retail property market. The existing research related to the retail property market in Finland is relatively limited and thus, this thesis gives new insight to the topic, which can be utilized for instance by retailers and property owners for developing their future operations.

The goal of futures studies is not to find out one single vision for the future but to investigate possible futures scenarios. The forces of change have various different outcomes as they are affecting the society in general level as well. The retail property market is affected with several other development paths continuously and thus, it should not be analysed as an isolated environment. Therefore, the entity as a whole should be taken into account when planning and developing properties and keep in mind that the rest of the society influences the process, too. Also, the field of futures studies and especially applying it for the real estate field is relatively new but it has been seen as a potential and effective way of studying the market changes previously (see Toivonen 2011, Toivonen & Viitanen 2016, Seppälä 2016).

The study is limited only to retail property market but the investigation of the entire real estate market could be conducted as the forces are not only limited to one property sector. Also, the geographical limitation was set to the Helsinki Metropolitan Area, which may distinct the results. The environmental scanning was performed in two parts; literature scanning and expert panel. The first part investigated the current forces related to the retail property market from various sources including foreign literature. However, the academic literature is lacking studies about the retail property sector's trends and future. Therefore, some reports of private companies were also used for the scanning. Some challenges occurred in the process of searching for the suitable literature. The terminology related to the future studies and retail properties is relatively extensive and thus, the searches resulted also various publications that were not seen as suitable for this study. Also, vast amount of the publications was focusing only on specific forces, which could have resulted too narrow data for the scanning. In addition, the literature scanning included 10 publications and thus, the number of sources could have been extended. However, the used literature represented

various operational environments and scopes, which were seen to offer relatively extensive background for the research.

The expert panels' interviewees were in Finnish and then translated into English, which may affect some tones. Also, one recording of an interview was disturbed and thus, the transcribing was done only based on the notes of the researcher. Moreover, the methodology of environmental scanning and expert panel suggest that the members of the panel would change during the research and the panel would be conducted several times. In this research, the expert panel was formed only once and thus, the experts remained the same. Additionally, the members of the expert panel were chosen based on their expertise and field of business in order to gather a panel, which consist of various different actors. Several interviewees stated that it is really challenging to predict the changes in the market and some of them mentioned that they are just guessing the possible forces and outcomes. Also, the were not given questions before-hand and thus, they did not have any material for preparing for the interviewees. However, the goal of the expert panel was to gather a wide scope of views and all of the participants were able to mention forces and possible influences.

In this thesis, the futures wheels were created together with the organization of Helsingin Leijona Oy. Due to the lack of time and limited extend of the thesis, only three forces were analysed in the workshop and thus, all the possible influences are not investigated with the method. In order to investigate all the forces with futures wheels and for deeper research, there should have been various workshops where the participants also changes. Additionally, the futures wheel workshop was held in Finnish and thus, translated into English. Moreover, the participants estimated that the futures wheel can be applied for variety of topics and the general opinion was that the method is useful and helps to visualize the possible influences and relations.

7.4 Further Research

The research covers relatively large subject area and due to the extent of the thesis, the research scope is rather limited and all the subjects cannot be studied deeply. Thus, some ideas for further research appeared in relation to the scope of this thesis. Also, some other topics were seen useful and interesting for later research.

The forces of change and their possible influences were studied in the thesis. However, due to the rather limited extent of the study and several forces, the research resulted only the main outcomes and appearances. Therefore, more comprehensive research could be conducted to deepen the knowledge of the forces. The potential further studies could focus on selected forces or actors' views. In addition, this thesis examined the possible influences of three forces only and thus, more deepen research related to the impacts could be useful. Also, a wider scope for the operational environment in addition to the Helsinki Metropolitan Area and retail premises could result an interesting research topic. Moreover, further studies could take into account the other types of forces of change (e.g. weak signals, wild cards and driving forces). As it was stated earlier, the interests related to the development of the retail property market varied between the actors and thus, it would be interesting to examine the differences of the interests and its influence on the market. In addition, the forecasting was seen as an important process for the actors but it was also stated to be rather difficult due to the continuous changes and unclear development. Thus, focusing on studying the forecasting processes could be useful for deepen the knowledge related to the different forecasting methods.

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Appendices

Appendix 1 Interview framework for the retail premises occupiers

Appendix 2 Interview framework for the municipal officials and real estate investors

Appendix 1 Interview framework for the retail premises occupiers

The background of the interviewee

- Description of the position and relation to the retail operations
- Forecasting of the operational planning: divisions, methods, time frames and challenges

Changes in the business environment

- Recent changes in the company
- Recent changes in the field of the business

Retail property demand at the moment and in the future

- The most important features of retail premises at the moment
- The most attractive locations in the Helsinki Metropolitan Area at the moment
- The biggest challenges related to the retail premises at the moment
- The most important features of retail premises in the future
- The most attractive locations in the Helsinki Metropolitan Area in the future

The forces of change in the retail property market in the Helsinki Metropolitan Area

- Phenomena affecting the retail property market at the moment
- Phenomena affecting the retail property market in the future
- Possible influences of the phenomena
- Factors restricting the development of the market

The future vision of Helsinki City Centre from the retail property market perspective

- The demand for retail premises
- The retail actors
- The role of the city centre

Appendix 2 Interview framework for the municipality authorities and real estate investors

The background of the interviewee

- Description of the position and relation to the retail operations
- Forecasting of the operational planning: divisions, methods, time frames and challenges

Retail property demand at the moment and in the future

- The most important features of retail premises at the moment
- The most attractive locations in the Helsinki Metropolitan Area at the moment
- The biggest challenges related to the retail premises at the moment
- The most important features of retail premises in the future
- The most attractive locations in the Helsinki Metropolitan Area in the future

The forces of change in the retail property market in the Helsinki Metropolitan Area

- Phenomena affecting the retail property market at the moment
- Phenomena affecting the retail property market in the future
- Possible influences of the phenomena
- Factors restricting the development of the market

The future vision of Helsinki City Centre from the retail property market perspective

- The demand for retail premises
- The retail actors
- The role of the city centre